

Purchasing Week

McGraw-Hill's National Newspaper of Purchasing

Vol. 3, No. 5

New York, N. Y., February 1, 1960

Price Perspective	2
Washington Perspective	4
Foreign Perspective	8
Purchasing Week Asks	11
New Products	16
Profitable Reading for P.A.'s	20
Meetings	20

\$6 A YEAR U.S. AND CANADA \$25 A YEAR FOREIGN

Hertz Corp. Gets on the Leasing Bandwagon

Inventory Scramble Fails to Materialize, PW Survey Shows; But 31 Materials Remain Scarce

New York—"We're in no great rush to add to inventory."

In one way or another this idea was expressed by a surprising number of P.A.'s queried in PURCHASING WEEK's new nationwide survey on inventory plans and trends.

It's one indication that the inventory scramble in the next few months may not be quite so hectic as earlier forecasts have indicated. While stocks are headed

A Purchasing Week Survey

up, there won't be any across-the-board accumulation—the type that usually puts heavy pressure on prices and supply.

Here's a summary of how purchasing executives see inventory trends developing through mid-'60:

• **Limited buildup**—Only 38% of the respondents plan to boost inventories in the next three months. Almost half say they plan to keep stocks steady. A few even anticipate some declines.

• **Size of buildup**—The average increase in anticipated stockpiling by P.A.'s comes to 29%.

• **Length of buildup**—On the average, P.A.'s still rebuilding think they can complete the job in three months—though some expect it to continue well into the year.

• **Items in short supply**—While the survey does not reveal any sharp inventory buying wave, it does indicate some procurement difficulties ahead. Purchasing men note over 30 items (see list, below) where they expect to (Turn to page 22, column 1)

The Lure of Maintenance: Philadelphia Show Pulls 2,000 Purchasing Agents

Philadelphia—Here's what purchasing men saw at the Plant Maintenance Show here last week:

• **New solutions to old maintenance problems**—A heat-resistant lubricant that can take 1000 deg without burning . . . A pipe cutter that chops up pipe by squeezing it until it "pops" in two . . . a miniature fire truck that can dash to fires through crowded factory aisles.

• **Special answers for special needs**—an automatic clothes locker that does out a clean uniform a day to plant workers . . . aluminum wall panels to cover up old surfaces and reduce maintenance costs.

• **Shape of things to come**—electronic record-keeping that includes automatic charging of supplies and labor costs to a maintenance job . . . the plant of the future, Moon Style, equipped for easy maintenance in outer space.

There were an estimated 2,000 purchasing men among the twenty thousand or so who toured 385 exhibition booths in Philadelphia's mammoth Convention Hall. And there was standing room only at the two conference sessions entitled "The Maintenance Function in Purchasing."

Over 90 people filled a seminar room and spilled over into the hall to hear Walter F. West, purchasing engineer at Merck Sharp & Dohme, West Point, Pa.; and (Turn to page 22, column 4)

Judge Slaps 17 Companies With \$456,000 Fine

Boston—Seventeen companies and one trade association convicted of fixing prices on various road-building materials were fined \$456,000 last week.

The producers and association had pleaded "nolo contendere" to three separate indictments handed down last August by a grand jury charging them with illegally conspiring to fix prices on asphalt, road tar, and bituminous concrete.

Antitrust Chief Robert A. Bicks said the price conspiracy affected over \$10 million in sales of the various materials to local and state government agencies in New England. He also noted that the price-fixing substantially increased the cost of construction, maintenance, and repair of public roads and highways.

Federal Judge George C. Sweeney, after hearing pleas from defense attorneys that the stiff penalties could knock some of (Turn to page 21, column 4)

Economists Tell Congress: Don't Tamper with Price, Wage Regulations Now

Washington—Don't try to interfere directly in the setting of prices or the control of wages, the Joint Economic Committee of Congress advised fellow lawmakers last week.

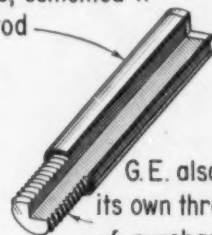
In a long-awaited report, both Democrats and Republicans had plenty to say about prices and inflation. But instead of recommending direct intervention in the price-wage spiral as many lawmakers have been advocating, the Democrats on the committee merely recommended annual conferences between business and labor leaders to discuss broad economic conditions.

The whole tenor of the report—the Democratic section and the (Turn to page 4, column 3)

Moment of Truth

San Francisco—While Jim Leary of the city purchasing department hit the jackpot last week on Groucho Marx's show, his career as a humorist was nipped in the bud. Groucho asked how many people work at City Hall. Jim's answer, "About half," was trimmed off the pre-recorded video tape before the show appeared on TV.

G.E. purchased phenolic plastic tube, cemented it to rod



G.E. also did its own threading of purchased cold-rolled rod

PUZZLE: This piece of hot-rolled tubing can be bought for about \$1 less. How? See value-analysis solution to the riddle on page 10.

Steel Price Cuts Spread To Pittsburgh, Buffalo, A La St. Louis Action

Pittsburgh—Joseph T. Ryerson & Son, Inc., announced it has revised its hot-rolled carbon steel prices here and in Buffalo, N. Y.

While the Ryerson revisions included some price hikes on small quantity orders, the overall effect is a \$1/ton slash on such items as structural shapes, plates, bars, sheet, and strip.

The Ryerson action followed a series of drastic price cuts by St. Louis warehouse on Jan. 18 and comes at a time when steel suppliers in such areas as Detroit, Cincinnati, and Seattle are reported to be offering their customers "substantial price deals."

One Detroit steel buyer reported last week a quote of 7½¢/lb on ¼-in. plate—72 by 120—or 1½¢ below list.

These deals were named as the primary reason behind the cuts of \$5.40-7.20/ton announced recently by U. S. Steel Supply Co., (Turn to page 21, column 3)

Deere, Jones & Lamson Also Push the Trend; Tight Money Opens Up \$2-Bil. Industry

Special to PURCHASING WEEK

Chicago—The multibillion dollar industrial equipment leasing industry is getting a dramatic filip today: Hertz Corp.—big wheel among the automotive rental-lease firms—is announcing that it will lease a wide variety of industrial goods, such as office and production machinery, electronic and other scientific devices, and machine tools.

Industry observers, talking of a boom in the making, estimate that the value of capital equipment leased in 1958 totaled \$1.5 billion and probably hit \$2 billion in 1959.

According to an analysis by Nationwide Leasing Co. (one of the biggest in the business), leasing of machine tools and other capital equipment alone will double in 1960. This would far exceed the rate of gain in equipment leasing by metalworking firms alone last year, which amounted to 26% over 1958, Nationwide reports.

PURCHASING WEEK also learned that several other car and truck leasing firms, such as Avis Rent-a-Car—one of Hertz' major competitors in the vehicle leasing field—also are studying the possibility of entering the industrial equipment market.

While this was the most spectacular development in the fast moving trend, two other pronouncements last week added further impetus to the "boom" status:

• **Deere & Co.**, Moline, Ill., a major manufacturer of agricultural machinery, said it will enter the leasing field through Boothe (Turn to page 21, column 1)

P/W PANORAMA

• **More Automatic Equipment, More Overhead Gear**, more mechanical attachments—that's what the materials handling industry will push in 1960. But note that the fancier contrivances are going to be more expensive (by about 2% or 3%), and that the trend to leasing is growing (page 3).

• **Is Inflation Talk Exaggerated?** You can judge for yourself by examining the latest statistical directions plus the overtones of the President's Economic Report in Price Perspective on page 2. Here's a hint: It looks as though the steam in prices is simmering down for the moment.

• **Even Printing Can Be Bought on a Unit-Price System**—if you're industrious enough to devise an airtight, economical system. John M. Holmes of the GE Missile & Space Vehicle Dept. gives complete details on page 19.

Thirty-One Major Items still are causing procurement headaches for the P.A. The list, incidentally, has a couple of surprises in it (textiles, for instance). The complete run-down appears on page 22.

This Week's

Purchasing Perspective

FEB. 1-7

INVENTORY CAUTION—With one eye on prices and another on supply, industrial buyers are playing cagey strategy in masterminding 1960 inventory buildups.

• Manufacturers indicated last fall that, except for the post-strike scramble to correct steel supply deficiencies, only a moderate first quarter buildup was planned.

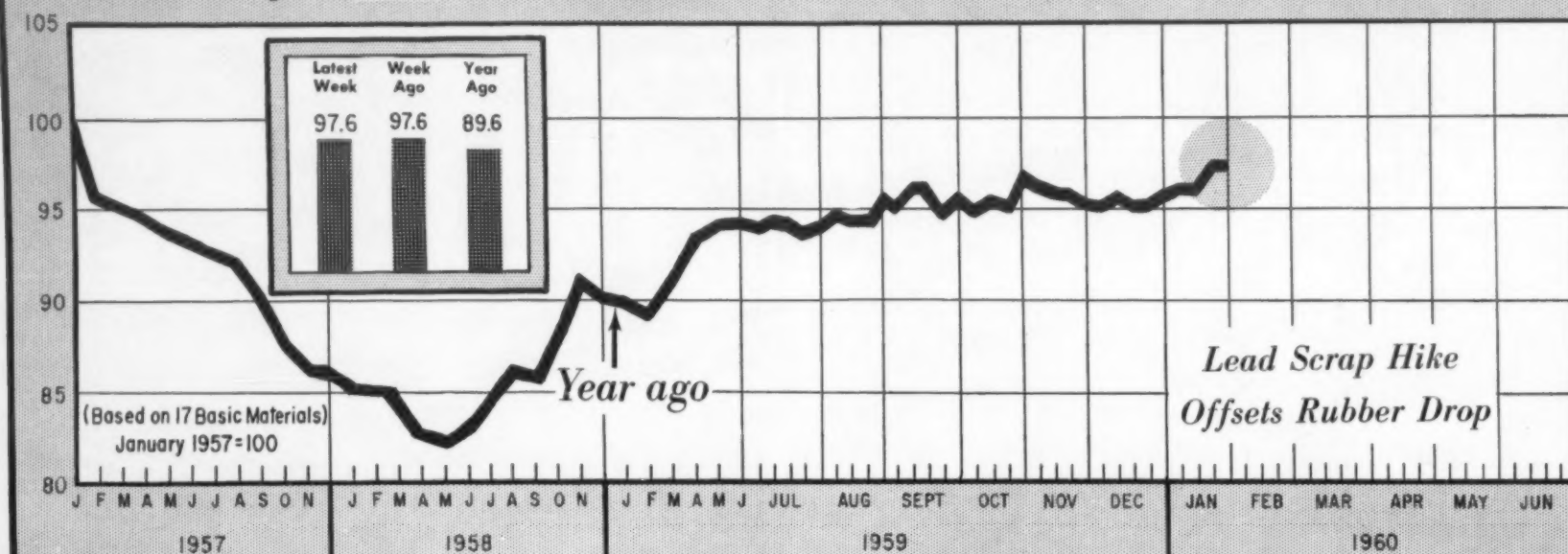
• A PURCHASING WEEK poll of more than 600 key industrial purchasing directors during the past two weeks confirms that, aside from pell-mell buying in a relatively few product areas, inventory policy-makers are insisting on moderation as a guideline during the months just ahead (see story this page).

Inventory levels are definitely headed upward to meet 1960's anticipated record production demands. But the probable speed and breadth of the buildup are what have been keeping business forecasters on edge.

Plentiful supply (even steelmakers already are noting signs of) (Turn to page 21, column 4)

Purchasing Week Industrial Materials Price Barometer

This index, based on 17 basic materials, was especially designed by the McGraw-Hill Department of Economics.



This Week's Commodity Prices

	Jan. 27	Jan. 20	Year Ago	% Yrly Change
METALS				
Pig iron, Bessemer, Pitts., gross ton.....	67.00	67.00	67.00	0
Pig iron, basic, valley, gross ton.....	66.00	66.00	66.00	0
Steel, billets, Pitts., net ton.....	80.00	80.00	80.00	0
Steel, structural shapes, Pitts., cwt.....	5.50	5.50	5.50	0
Steel, structural shapes, Los Angeles, cwt.....	6.20	6.20	6.20	0
Steel, bars, del., Phila., cwt.....	5.975	5.975	5.975	0
Steel, bars, Pitts., cwt.....	5.675	5.675	5.675	0
Steel, plates, Chicago, cwt.....	5.30	5.30	5.30	0
Steel scrap, #1 heavy, del. Pitts., gross ton.....	43.00	43.00	43.00	0
Steel scrap, #1 heavy, del. Cleve., gross ton.....	43.00	43.00	41.00	+ 4.9
Steel scrap, #1 heavy, del. Chicago, gross ton.....	42.00	42.00	44.00	- 4.6
Aluminum, pig, lb.....	.26	.26	.247	+ 5.3
Secondary aluminum, #380 lb.....	.25	.25	.22	+13.6
Copper, electrolytic, wire bars, refinery, lb.....	.338	.334	.287	+17.8
Copper scrap, #2, smelters price, lb.....	.268	.265	.243	+10.3
Lead, common, N.Y., lb.....	.12	.12	.12	0
Nickel, electrolytic, producers, lb.....	.74	.74	.74	0
Nickel, electrolytic, dealers, lb.....	.74	.74	.74	0
Tin, Straits, N.Y., lb.....	1.00	1.00	1.00	0
Zinc, Prime West, East St. Louis, lb.....	.13	.13	.115	+13.0
FUELS†				
Fuel oil #6 or Bunker C, Gulf, bbl.....	2.00	2.00	2.00	0
Fuel oil #6 or Bunker C, N.Y. barge, bbl.....	2.37	2.37	2.37	0
Heavy fuel, PS 400, Los Angeles, rack, bbl.....	.215	.215	.215	0
Lp-Gas, Propane, Okla. tank cars, gal.....	.05	.05	.055	- 9.1
Gasoline, 91 oct. reg., Chicago, tank car, gal.....	.11	.11	.115	- 4.3
Gasoline, 84 oct. reg., Los Angeles, rack, gal.....	.107	.11	.115	- 7.0
Kerosene, Gulf, Cargoes, gal.....	.095	.095	.101	- 5.9
Heating oil #2, Chicago, bulk, gal.....	.096	.096	.11	-12.7
CHEMICALS				
Ammonia, anhydros, refrigeration, tanks, ton.....	90.50	90.50	90.50	0
Benzene, petroleum, tanks, Houston, gal.....	.34	.34	.31	+ 9.7
Caustic soda, 76% solid, drums, carlots, cwt.....	4.80	4.80	4.80	0
Coconut, oil, inedible, crude, tanks, N.Y. lb.....	.198	.198	.205	- 3.4
Glycerine, synthetic, tanks, lb.....	.293	.293	.278	+ 5.4
Linseed oil, raw, in drums, carlots, lb.....	.176	.176	.16	+10.0
Phthalic anhydride, tanks, lb.....	.165	.165	.165	0
Polyethylene resin, high pressure molding, carlots, lb.....	.325	.325	.35	- 7.1
Rosin, W.G. grade, carlots, fob N.Y. cwt.....	13.70	13.70	9.85	+39.1
Shellac, T.N., N.Y. lb.....	.31	.31	.31	0
Soda ash, 58%, light, carlots, cwt.....	1.55	1.55	1.55	0
Sulfur, crude, bulk, long ton.....	23.50	23.50	23.50	0
Sulfuric acid 66° commercial, tanks, ton.....	22.35	22.35	22.35	0
Tallow, inedible, fancy, tank cars, N.Y. lb.....	.055	.056	.073	-24.7
Titanium dioxide, anatase, reg. carlots, lb.....	.255	.255	.255	0
PAPER				
Book paper, A grade, Eng. finish, Untrimmed, carlots, cwt.....	17.20	17.20	17.00	+ 1.2
Bond paper, #1 sulfite, water marked 20 lb, car. lots, cwt.....	25.20	25.20	24.20	+ 4.1
Chipboard, del. N.Y., carlots, ton.....	100.00	100.00	100.00	0
Wrapping paper, std. Kraft, basis wt. 50 lb rolls.....	9.25	9.25	9.00	+ 2.3
Gummed sealing tape, #2, 60 lb basis, 600 ft. bundle.....	6.30	6.30	6.40	- 1.6
Old corrugated boxes, dealers, Chicago, ton.....	22.00	22.00	23.00	- 4.3
BUILDING MATERIALS‡				
Cement, Portland, bulk carlots, fob New Orleans, bbl.....	3.65	3.65	3.65	0
Cement, Portland, bulk carlots, fob N.Y., bbl.....	4.18	4.18	4.29	- 2.6
Southern pine, 2x4, s4s, trucklots, fob N.Y., mftbm.....	125.00	126.00	119.00	+ 5.0
Douglas fir, 2x4, s4s, carlots, fob Chicago, mftbm.....	138.00	138.00	133.00	+ 3.8
Douglas fir, 2x4, s4s, carlots, fob Toronto, mftbm.....	119.00	117.00	109.00	+ 9.2
TEXTILES				
Burlap, 10 oz. 40", N.Y., yd.....	.104	.104	.106	- 1.9
Cotton middling, 1", N.Y., lb.....	.331	.331	.358	- 7.6
Printcloth, 39", 80x80, N.Y., spot, yd.....	.230	.229	.182	+26.4
Rayon twill 40½", 92x62, N.Y., yd.....	.235	.235	.22	+ 6.8
Wool tops, N.Y., lb.....	1.57	1.60	1.43	+ 9.8
HIDES AND RUBBER				
Hides, cow, light native, packers, Chicago, lb.....	.235	.235	.198	+18.7
Rubber, #1 std ribbed smoked sheets, N.Y., lb.....	.402	.410	.30	+34.0

†Source: Petroleum Week ‡Source: Engineering News-Record

This Week's

Price Perspective

FEBRUARY 1-7

There's increasing evidence that inflationary forces are slowing down—at least temporarily.

• **Governmental**—The President's Economic Report—by stressing growth rather than inflation—can be construed as a sign that official Washington is optimistic about holding the price line.

• **Statistical**—Most price indexes, while firm, have shown few signs of any sharp uptrend. That goes for all price areas—sensitive commodity tags, wholesale prices, and the cost-of-living index.

• **Business**—More and more economic analysts are beginning to talk of a slowdown in the rate of growth for the second half of 1960. If true, it's bound to put an additional damper on price rises.

THE ECONOMIC REPORT'S lack of emphasis on the problems of inflation can't be overlooked.

Last year's report discussed this subject at length. cursory treatment this time around would seem to imply that Washington sees a year of relative price stability ahead.

The way in which prices are mentioned is also significant. Basically the report calls for restraint on the part of management and labor—and this is nothing more than an attempt at moral persuasion.

If inflationary forces looked potent, Ike's anti-inflationary prescription for 1960 would have been a lot stronger.

RECENT PRICE TRENDS would seem to bear out the Administration's optimism on keeping inflationary forces within bounds.

• **General Industrial Prices**—PURCHASING WEEK's price index for January is estimated at 103.3 (see chart p. 4). That's virtually unchanged from December and only 1% above a year ago.

• **Sensitive Commodity Prices**—Even with the added fillip of a steel settlement, these super-sensitive tags are up only about 7% above a year ago—a relatively small gain when compared to the 10% jump in output over the same period.

Based on past experience, a production rise of this magnitude would have effected material price boosts of 10-15%.

• **Consumer Prices**—Here too there are some signs of easing. The average 1959 rise was only 0.9%. That's well below the average boosts recorded in the period 1956-58. In those three years, respective rises of 1.5%, 3.4%, and 2.7% were racked up.

THE BUSINESS TREND over the next twelve months must also be weighed in evaluating over-all inflationary forces.

More and more economists are now coming around to the belief that the current sharp growth rate will peak out this summer and fall.

This view is based partly on current inventory accumulation, which is less than anticipated. Tight money and weakness in housing could also create an economic drag.

The fact that consumers are only mildly optimistic—according to recent buying surveys—must also be taken into consideration. In this connection, the relatively small increases in January auto sales have led some industry forces to doubt whether the 7 million unit sales goal will be met.

Any slowdown in growth brought about by the combination of factors noted above, is bound to have a deflationary affect on prices. That's particularly true this year with supplies and capacity ample—and imports making still further inroads into the American market.

Material Handling Tags to Rise 2-3% in '60

New York—P.A.'s can expect a lot of exciting innovations in the material handling field this year. But there's one sobering thought: over-all prices will probably go up another 2-3%.

In 1959 prices advanced 1.7% (see chart at right). And they might have risen even more but for early year commitments.

"We were still recovering from the 1958 doldrums," says J. R. Sebastian, president of Rapids-Standard Co., "and some companies extended themselves in low quotations. Our material costs—electrical controls, motors and parts, and belting—have all been moving up vigorously, 3 to 12%."

The consensus of manufacturers, according to a PURCHASING WEEK survey, is that prices will advance 2 to 3% over the coming year. Most of the industry believes the major part of the rise will occur in the last quarter of the year when the labor and other cost increases of the steel settlement start building up.

The price rise should cover the range of material handling equipment fairly evenly, without any specific types of equipment advancing much more rapidly than others. The greatest sales gains are expected for fork lift trucks—where prices went up 3½% over 1959—followed by conveyors, cranes, and hoists.

Mr. C. L. Fell, president of the Material Handling Institute, says, "everyone is trying to hold the price line as long as the cost of steel and labor doesn't go up." But there undoubtedly will be a strong demand-pull on material handling tags throughout 1960.

And this pull has been building up steadily. In 1959 sales volume rose 22% over 1958. For 1960, another 15% gain is expected (see chart above).

This growth in demand will stem primarily from two sources:

- **Increased capital outlays.** An increase of 10% is scheduled for total industrial capital expenditures in 1960. Making sales prospects even rosier for the material handling industry, is the planned 19% increase in capital spending for the manufacturing sector of industry.

- **Upgrading present equipment.** Many of the material handling setups now operating will be modernized, expanded and even replaced in the all-out drive by industry to combat climbing labor costs.

About the only sales limiting factor seen at present is the tight money situation. Some materials handling executives feel that there will be a definite customer reluctance to borrow money at high interest rates to purchase their equipment.

Materials handling has long been the most important area where industry can cut down labor costs and increase labor productivity. In line with this, there has been a growing trend toward engineering material handling systems to fit more closely the buyer's needs. Some interesting developments in material handling which will be continued in 1960 are:

- **More automation.** All manufacturers look for more automatic equipment to be in use in 1960. The changes vary from fork lift trucks that can tilt, turn, roll, and stack materials to entire systems where electronic devices will con-

duct all material handling operations by remote control.

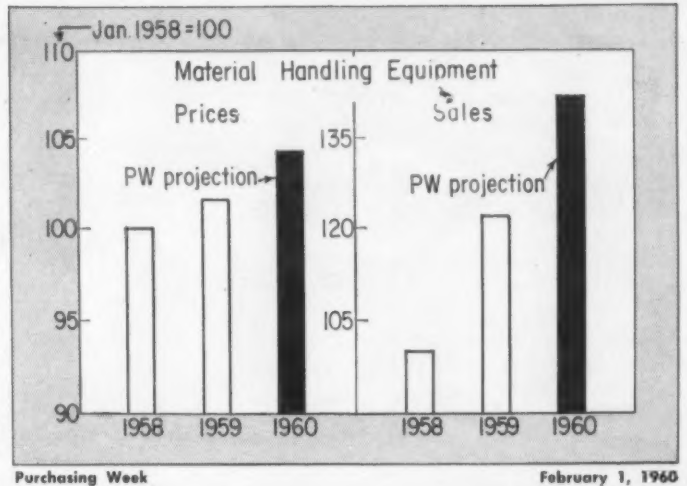
- **More overhead gear.** High building costs will spark more intensive utilization of space. Shelves will be stacked higher than before. Cranes and hoists will see wider application. Fork-lift trucks will be more compact, carry heavier loads, higher.

- **More mechanical attachments.** Labor costs will be cut further by attaching devices that can work material on the spot. For example, a traveling lift platform with an overhead hoist and

a cut-off saw will take material from shelves and cut it to order size without back-and-forth transporting.

All these changes will make material handling equipment more expensive. As a result, 1960 is expected to see a considerable increase in leasing.

So far leasing has been confined to unit types of equipment—fork trucks, mobile cranes and other motor-driven vehicles. However, some companies are looking into the leasing of entire installed materials handling systems.



9 trouble-free
years—
still no trouble
in sight

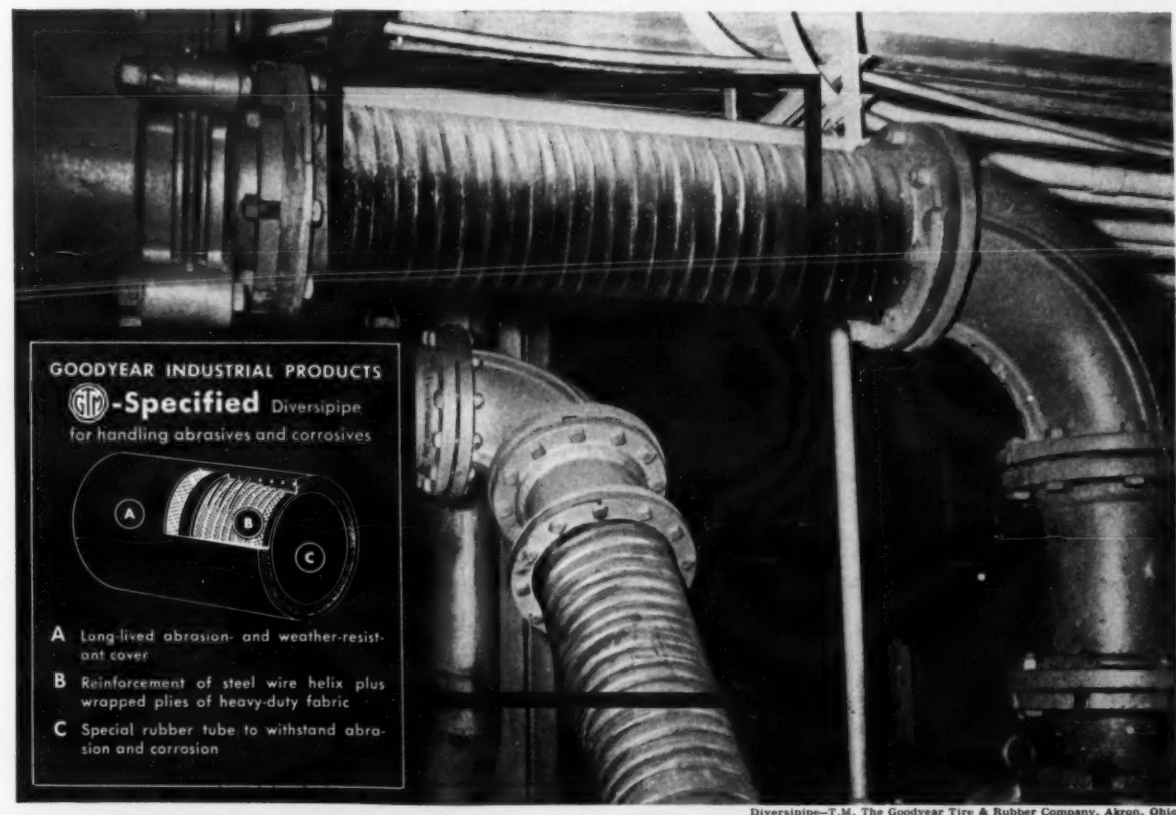
HANDLING the murderous abrasion of iron-ore slurry was only part of the problem when they added new facilities at this big Northeastern mine. There was also incessant vibration from pumps and refiners—certain to encourage leakage and shorten the life of just about any kind of slurry lines used.

But not if the lines were Diversipipe: recommended by the G.T.M.—Goodyear Technical Man. That super-tough rubber pipe fights off abrasion—absorbs shock. A bonus benefit: its flexibility makes intricate installations easier and less expensive.

At last report, the Diversipipe had been handling minus 14 mesh slurry—at 10 feet per second—for 9 straight, trouble-free years. And it's still giving like-new performance.

In fact, Diversipipe has proved the moneysaving answer to tough material-handling problems like this in many a plant. For expert tips on handling pumpable materials—especially abrasives or corrosives—check with the G.T.M. through your Goodyear Distributor. Or write Goodyear, Industrial Products Division, Akron 16, Ohio.

IT'S SMART TO DO BUSINESS with your Goodyear Distributor. He can give you fast, dependable service on Hose, V-Belts, Flat Belts and many other industrial rubber and nonrubber supplies. Look for him in the Yellow Pages under "Rubber Goods" or "Rubber Products."



GOODYEAR INDUSTRIAL PRODUCTS
-Specified Diversipipe
for handling abrasives and corrosives

- A Long-lived abrasion- and weather-resistant cover
- B Reinforcement of steel wire helix plus wrapped plies of heavy-duty fabric
- C Special rubber tube to withstand abrasion and corrosion

DIVERSIPIPE BY

GOOD YEAR

THE GREATEST NAME IN RUBBER

Washington Perspective

FEB. 1-7

Corporate profits this year are likely to exceed the \$51 billion officially forecast by the Treasury.

This is the view of most Administration economists. Even the Treasury agrees its estimates are conservative. The general feeling is that profits could go as much as \$2 billion to \$3 billion higher.

This more optimistic forecast is balanced by a note of caution. The important thing to watch this year is the pattern of profits.

Look for big gains in the first half of 1960. But a distinct levelling off appears likely for the second half.

Three factors are pinpointed that could slow the rise later this year. All are common for this phase of the business cycle:

- A slowing down in output and productivity gains.
- Increasing costs, notably from higher wages.
- A narrowing of profit margins as a result.

Washington shows some concern about possible inflationary implications of all this. The point to watch: whether companies start raising prices to maintain profit margins.

The Treasury's official \$51 billion profit forecast rests on the basic assumption that there is no inflation step up. Privately, some Washington economists express doubts.

Some price hikes are likely. That's widely conceded. How much and how many are the big questions.

The prevailing opinion: no runaway to higher prices. For one thing, it is hoped that business will be content with profits this year, the highest on record. Secondly, public pressures against price rises may exert an inhibiting effect.

Industries to watch with regard to profits:

All the durable goods lines, and especially autos and steel. The latter two are expected to turn in really good profit records the first half. By the second half, the big part of the steel needs built up by the strike will have been met and there will likely be a slowing down. Auto profits should taper off as the companies shut down for model changeovers. Other industries mentioned that bear watching are chemicals, machinery, petroleum, rails and electric utilities.

The Small Business Administration steps up its set-aside procurement programs for smaller firms.

The program aims at getting a share of government contracts earmarked for smaller businesses. The agency reports that last year set-asides totaled \$1.1 billion. Procurement set-asides for the last six months of 1959 were up 15% over the similar period a year earlier.

SBA officials look for a continuation of this trend next year as more effort is devoted to the program.

U. S. military agencies are cutting back on their buying of oil and gas products—a reflection of the shift from manned aircraft to chemical-fueled missiles.

Pentagon buying of petroleum products averaged 736,000 barrels a day in fiscal 1959. For the current fiscal year, petroleum purchases are scheduled to drop to an average of 697,000 barrels per day.

For the new fiscal year starting July 1, petroleum buying is scheduled to be up only slightly to 705,000 barrels daily.

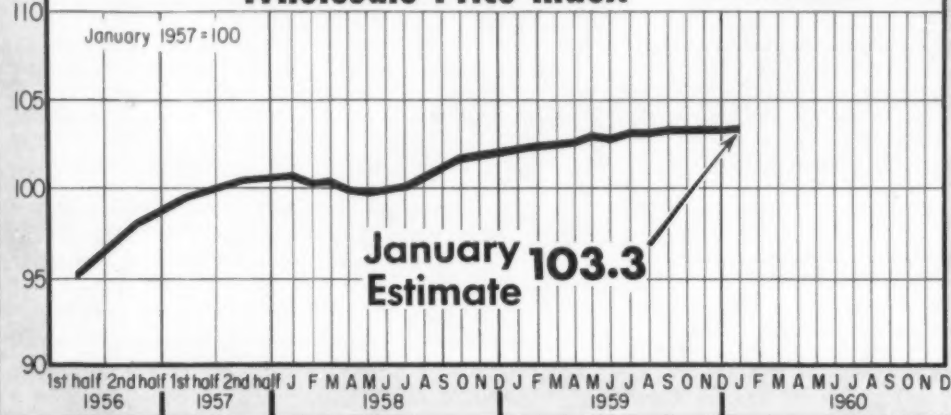
The projections were made in the first report of its kind ever put out by the Interior Department. The agency plans to issue such reports quarterly henceforth.

Weekly Production Records

	Week Latest	Ago Week	Ago Year
Steel ingot, thous tons	2,717	2,727*	2,178
Autos, units	176,265	173,713*	126,843
Trucks, units	31,279	29,793*	24,475
Crude runs, thous bbl, daily aver	8,227	8,302	8,311
Distillate fuel oil, thous bbl	13,644	13,667*	15,009
Residual fuel oil, thous bbl	6,596	7,127	7,779
Gasoline, thous bbl	28,753	29,084	28,101
Petroleum refineries operating rate, %	84.6	85.4	86.5
Container board, tons	167,732	169,656	149,904
Boxboard, tons	100,740	99,716	97,833
Paper operating rate, %	97.3	95.3*	90.8
Lumber, thous of board ft	242,075	220,718	230,518
Bituminous coal, daily aver thous tons	1,471	1,500*	1,382
Electric power, million kilowatt hours	14,523	14,236	13,394
Eng const awards, mil \$ Eng News-Rec	245.2	372.9	418.2

* Revised

Purchasing Week's Wholesale Price Index



Purchasing Week
PURCHASING WEEK'S Wholesale Price Index held steady in December—at the previous month's level of 103.2. Over half the component prices remained unchanged; for the rest, movements were generally slight. The sharpest changes occurred among the

petroleum group, where seasonal movements saw gasoline prices drop 2½%, as lubricating oils rose 4% and residual fuel oils 1¾%. Other changes: a 2% drop in bolts-and nuts prices and a 2% gain for cotton broadwoven goods on the January index.

Economists Tell Congress: Steer Clear of Control

(Continued from page 1)

Republican section alike—is to downgrade price increases and inflation as a crucial issue this year.

Both groups were critical of the Consumer Price Index as a means of measuring changes in prices and the Republicans suggested that a study be made to improve techniques.

In a minority report, Republicans pointed out that the country's three largest mail order houses have recently reported that their current prices are actually lower than they were a few years ago, though the consumer price index shows a marked rise for the period.

The Republican members of the committee want the Bureau of Labor Statistics, which prepares the price index, to find out how this can happen, and to what extent the index has been over-stating price increases. "We don't want to see exaggeration of the amount of inflation or misrepresentation of when it occurred," the Republicans said.

They were particularly critical of the way the Democratic majority on the committee discussed price changes in the years since Eisenhower has been President. GOP members said the Democrats avoided discussing greater price rises that occurred under Democratic Presidents. The price index has gone up an average of 3.8% a year over the past 20 years, but the rate was 5% annually before Eisenhower took office, and has been only 1.3% under Eisenhower, the Republicans pointed out.

Both groups agreed, however, that some things should be done over the long run to restrain price rises. They want anti-trust activities increased, for one thing. They also favor a gradual reduction of tariffs, to bring about more competition from foreign goods.

Democrats on the committee, as expected, were critical of the tight money policy of the Federal Reserve, blaming it for the relatively modest growth rates of recent years. But they did not recommend all-out easy money.

This Month's Industrial Wholesale Price Indexes

Item	Latest Month	Month Ago	Year Ago	% Yrly Change
Cotton Broadwoven Goods....	104.8	102.9	95.5	+ 9.7
Manmade Fiber Textiles.....	99.1	99.0	96.7	+ 2.5
Leather	117.4	117.7	112.5	+ 4.4
Gasoline	90.3	92.6	94.4	- 4.3
Residual Fuel Oils	73.2	72.0	74.3	- 1.5
Raw Stock Lubricating Oils...	104.5	100.2	96.7	+ 8.1
Inorganic Chemicals	102.4	102.4	102.0	+ .4
Organic Chemicals	99.4	99.4	99.3	+ .1
Prepared Paint	103.4	103.4	103.3	+ .1
Tires & Tubes.....	89.6	89.6	102.5	-12.6
Rubber Belts & Belting.....	105.6	105.6	103.2	+ 2.3
Lumber Millwork	107.1	107.3	101.4	+ 5.6
Paperboard	99.8	99.8	100.0	- .2
Paper Boxes & Shipping Containers	101.9	101.9	101.9	0
Paper Office Supplies.....	101.9	101.9	101.2	+ .7
Finished Steel Products.....	109.2	109.2	109.2	0
Foundry & Forge Shop Products	108.0	108.0	106.1	+ 1.8
Non Ferrous Mill Shapes.....	98.4	98.4	94.8	+ 3.8
Wire & Cable.....	95.4	95.3	89.2	+ 7.0
Metal Containers	103.7	103.7	108.3	- 4.2
Hand Tools	110.4	110.3	108.8	+ 1.5
Boilers, Tanks & Sheet Metal Products	102.1	102.1	99.2	+ 2.9
Bolts, Nuts, etc.....	108.5	110.5	107.0	+ 1.4
Power Driven Hand Tools...	107.8	108.3	107.5	+ .3
Small Cutting Tools.....	111.7	111.7	106.2	+ 5.2
Precision Measuring Tools....	109.3	109.1	106.1	+ 3.0
Pumps & Compressors.....	111.8	111.8	109.4	+ 2.2
Industrial Furnaces & Ovens...	121.2	121.2	115.9	+ 4.6
Industrial Material Handling Equipment	106.9	106.1	103.8	+ 3.0
Industrial Scales	115.2	115.2	104.8	+ 9.9
Fans & Blowers.....	104.3	104.3	104.0	+ .3
Office & Store Machines & Equipment	105.0	105.0	103.3	+ 1.6
Internal Combustion Engines, Integrating & Measuring Instruments	103.2	103.2	103.7	- .5
Motors & Generators.....	118.1	117.6	114.4	+ 3.2
Transformers & Power Regulators	103.2	103.2	104.1	- .9
Switch Gear & Switchboard Equipment	102.1	102.1	101.5	+ .6
Are Welding Equipment.....	108.6	108.6	104.6	+ 3.8
Incandescent Lamps	103.5	103.2	105.0	- 1.4
Motor Trucks	130.9	130.9	110.0	+19.0
Commercial Furniture	106.2	106.2	108.7	- 2.3
Glass Containers	105.8	105.8	105.5	+ .3
Flat Glass	106.3	106.3	106.3	0
Concrete Products	99.7	99.7	99.6	+ .1
Structural Clay Products.....	103.9	103.7	102.2	+ 1.7
Gypsum Products	106.7	106.6	105.4	+ 1.2
Abrasive Grinding Wheels	104.7	104.7	104.7	0
Industrial Valves	94.8	94.8	99.2	- 4.4
Industrial Fittings	116.6	116.6	104.4	+11.7
Anti-Friction Bearings & Components	106.4	106.4	106.9	- .5
	91.9	91.9	93.6	- 1.8

Three Boxmakers Pool Nationwide Facilities

Chicago—Three leading boxmakers have teamed up to form a new organization equipped to handle packaging and marketing problems of "every industry from metals to mushrooms."

The new firm, Packaging Corp. of America, combines the nationwide facilities of American Boxboard Co., Grand Rapids, Mich.; Central Fibre Products Co., Quincy, Illinois; and The Ohio Boxboard Co., Rittman, Ohio. Each maker will operate as a division of PCA.

The facilities pool of the three divisions adds up to 8 mills, 41 converting plants (including 11 folding carton plants and 22 corrugated container plants), and timberlands stretching across the U. S.

A PCA spokesman indicated the new company would offer its national, regional or local customers such products and services as:

• **Folding cartons.** In addition to producing a wide variety of boxes, PCA's 11 carton factories are prepared to meet most customer demands for letter press, gravure, and photography.

"Extensive art, design, engineering, and photographic staffs are maintained at each facility," the PCA spokesman pointed out.

• **Corrugated containers.** The new firm's 22 corrugated plants in this field will provide customers with package design, engi-

neering, and printing, as well as production.

• **Liner boards.** Packaging Corp. has developed what it claims is "the industry's most extensive selection of finishes," including plaids, wood grains, linen, brick, and fabric textures, in a great variety of weights and thicknesses.

• **Experimental equipment.** PCA engineers will design, build, and test experimental and prototype models of new packaging machinery for customers. "Once proved," a company official

stated, "these new machine designs are turned over to machinery manufacturers for commercial production."

Each of PCA's facilities also offers the advantage of "expert consultants" in the fields of transportation, merchandising, and display of products. "Package-marketing experts," said a PCA executive, "provide customers with a valuable source of accurate and timely information on how other companies—and industries—are solving similar problems."



BROAD PRODUCT LINE of Packaging Corp of America includes more than 2000 different packages (above). New firm is result of 3-way merger.



California Firm Expands Product Line, Facilities

Hawthorne, Calif.—Filon Plastics Corp. is expanding in two directions—products and facilities.

The company's 1960 line of reinforced plastic building panels will include panels in the shiplap and 5-V crimp shapes. Panels will weigh 6-oz/sq ft and will be available in a wide range of colors.

Filon recently opened a \$2 million plant here, claimed to be the world's largest for the manufacture of these products.

David S. Perry, Filon president, said the new plant has four continuous production lines capable of almost tripling the annual capacity of the company's former manufacturing facilities in El Segundo, Calif.

"Our new plant can produce panels up to 60 in. wide," said Perry, "instead of the maximum 48-in. width we could make before."

"We are confident that the new facilities will assure better product performance because of an improved bond between resin and fiberglass, highly refined and more uniform curing, better and more uniform fiberglass mat, and superior handling of resins and mixing of color pigments."

He predicted that in 1960 the reinforced panel industry would sell a total of 100 million sq ft at a retail value of about \$50 million—a 25% increase over 1959.

He estimated that final figures will show the industry produced 80 million sq ft in 1959, at a retail cost of \$40 million.

The average price of the panels has dropped from a 1951 high of \$1.39 to 55¢ per sq ft.

sure it's big

... but not particularly big or unusual

In Carlson's production of stainless steel plate

IT was normal, but not easy, for Carlson specialists to handle this big plate. Type 304-L stainless, it measured $\frac{1}{16}$ " x $131\frac{1}{2}$ " x $452\frac{9}{16}$ " and weighed an impressive 7923 pounds. And when this big one landed at the customer's receiving dock it was *exactly* what he wanted... *right* by chemical composition, *right* by physical standards, *right* to specification and *right* to size.

Whatever you need in stainless steel—big plates, small rings, formed or cut-to-shape items—will be

produced accurately and on time. Stainless steel is our *only* business, and we know it. That is why you can depend on Carlson to give you *what you want when you want it!* Your inquiry is invited.

G.O. CARLSON Inc.

Stainless Steels Exclusively

144 Marshallton Road
THORNDALE, PENNSYLVANIA
District Sales Offices in Principal Cities



PLATES • PLATE PRODUCTS • HEADS • RINGS • CIRCLES • FLANGES • FORGINGS • BARS AND SHEETS (No. 1 Finish)

Cleveland's P.A.'s Hear Warning On Legal Problems

Cleveland—A Cleveland attorney urged purchasing executives last week to "get to know the red flags" of potential legal trouble.

Speaking at the Forum meeting of the Cleveland Purchasing Agents Association, Herbert F. Buckman, member of the law firm of Rosenthal, Roesch & Buckman, said that "spotting legal trouble before it hits can save purchasing agents not only headaches but cash."

P.A.'s, Buckman said, should familiarize themselves with the legal aspects of three areas in particular:

• **Supplier relationships.** Buckman advised buyers to "be sure to get contracts in writing. Don't be overconfident that the fine print on your purchase order will allow you to recover losses in cases of poor performance on the part of your suppliers."

"Your course of conduct over a period of time," warned the attorney, "could be the determining factor in any legal action."

• **Legal liabilities in government regulations.** Buckman explained that a purchasing agent must be aware if something of an illegal nature is going on in a particular market, and avoid acting illegally himself.

"The Robinson-Patman Act does not prevent you from getting the best possible price," he declared.

• **Replevin action.** The Cleveland attorney advised P.A.'s to consult a company lawyer soon enough, with complete information, to effect replevin action and recover goods when they are needed—"not three weeks later."

"There is no harm in starting some action, by getting details to your lawyer. If the strike is over before action is concluded," he added, "so much the better for everyone. But is it best to be on the safe side."

Santa Fe Allocates \$100 Million for Equipment

Chicago—The Santa Fe Railroad will spend \$100 million this year for new equipment and facility improvements.

The expansion program includes 227 miles of new and heavier rail, 60 freight diesel-electric locomotive units, 50 more baggage cars, about 2,500 new freight cars, installation of microwave communications, and further installations of centralized traffic control.

This capital expenditure program is \$40 million larger than last year and \$13 million higher than any previous year.

These Special Cars Can Be Loaded by Fork-Lift

Portland, Me.—Maine Central Railroad is using a specially-designed rail car for the transport of wood fiber insulating board, and other products from U. S. Gypsum's Lisbon Falls operation.

Essentially flat cars with special bulkheads and open on all sides, the rail cars can be loaded or unloaded anywhere with the use of fork-lift equipment.



SPOTTING LEGAL trouble before it spots you can save not only headaches but cash, Attorney H. F. Buckman tells Cleveland purchasers.

These Pillows Aren't for Sleeping

Mineola, N. Y.—Long Island Lighting Co. is making substantial use of giant pillows—but not for sleeping on the job.

A 3000 gallon collapsible container, shaped like a large rectangular flattened pillow and weighing 320 lb, enables LILCO to perform maintenance on oil containing units such as substation transformers and circuit breakers more quickly and safely than previously.

Drainage of oil before repairs was a two hour operation necessitating the use of many oil drums. The same operation with

the "pillow tank" is a continuous process requiring only 45 minutes.

First on East Coast

LILCO, the first utility on the East Coast to apply this container to its work, purchased the synthetic rubber container from the Firestone Tire and Rubber Co.

In larger sizes, ranging up to 10,000 gal, the "pillow tank" is used by the Air Force for fuel para-drops and has been towed through the water by merchant ships for added fuel storage.



Who cares about your Wire Cloth Fabrications?

CAMBRIDGE does . . .

that's why you automatically get service with your order . . . whether you need dozens of midget strainers or a single giant-sized retaining screen.

Careful, competent workmanship and constant inspection assure you of quality . . . modern machinery and accurate scheduling assure you of prompt delivery. And, a Cambridge Field Engineer follows up your order to make sure our product is giving you the best possible service. Let us quote on your next order for wire cloth fabrications. We manufacture wire cloth from any metal or alloy—including titanium—in nine basic weaves. We'll work from your prints or draw up prints for your approval. Call your Cambridge Field Engineer . . . he's listed in the yellow pages under "Wire Cloth". Or, write for FREE 94-PAGE CATALOG.

The Cambridge Wire Cloth Co.

Department AL • Cambridge 21, Md.

Manufacturers of Wire Cloth,
Metal-Mesh Conveyor Belts, Wire Cloth Fabrications



Dallas Agents Hear Analysis By 'Use Value'

Dallas—Members of the Dallas Purchasing Agents' Association heard a value analysis success story in which "functional use" played the biggest role.

John Williams, a value analyst from General Electric Co.'s Rome, Ga. plant explained that the success of his company's 12-year-old value analysis program was based on the stress GE places on "use value."

While the 120-man team of value analysts studies such factors as esteem value, cost value, and exchange value, "functional use" remains the number-one criterion, he said.

Williams said the GE value analysis team holds frequent "brain-storming" sessions, in which ideas on material substitutes, redesign possibilities, and new manufacturing processes are put to a "functional test" to see if they are usable in cutting parts costs.

The GE official's talk preceded the Dallas association's dinner meeting, which heard Phillip E. Coldwell, director of research of the Federal Reserve Bank of Dallas, discuss "The Economic Trends of 1960."

Also appearing as guest speaker at the dinner was Dempsey E. Dickens, Southern Union Gas.

Dickens pointed to "tight money" as one of the major factors in the trend toward blanket ordering. In addition, he said, blanket orders permit: 1) better inventory control, 2) reduction in emergency purchases requiring purchase orders, and 3) reduction of paper work.

Delaware's New Finance Department Will Include Full Centralized Buying

Wilmington, Del. — Governor J. Caleb Boggs plans to ask the Delaware legislature to create a new Department of Finance, which would include a central purchasing division.

The governor indicated that the new buying setup would do the purchasing for all state agencies. With proper controls, bidding, standards, and testing, Boggs predicted, this system "will save the state more than half a million dollars a year."

The central unit, Boggs said, also will supervise other state activities such as repair shops, warehouses, printing and distribution of government reports, and motor pools.

Denver Firm Claims New Fixtures 'Indestructible'

Denver — Denver Metals & Chemicals Corp. has started production of a new line of one-piece, "virtually indestructible", plastic bathroom fixtures.

The new line includes shower stalls, receptors, bathtubs, and lavatory vanities that will not leak, chip, rust, or rot, according to Hamilton S. Gregg, president.

Denver's Fiberglass Div. makes the reinforced plastic fixtures under the trade name Fibersheen.



GE VALUE analyst John Williams tells Dallas purchasing agents how a 120-man team applied functional tests as part of 12-year program.

Federal Judge in California Upholds Legality of 'Hot-Cargo' Prohibition

San Francisco — A Federal Judge here has upheld the constitutionality of the Landrum-Griffin ban on so-called "hot cargo" clauses in labor-management contracts.

In the first court test of the controversial ban, Federal Judge William T. Sweigert declared last week that these provisions are a "lawful exercise by Congress of the commerce power."

Judge Sweigert handed down the ruling in granting a National Labor Relations Board request

for an injunction against striking members of Lithographers Local #17, who went out on strike when their employers refused to negotiate union-proposed "hot cargo" clauses.

The 1,000 San Francisco-lithographers walked off the job seven weeks ago when the Graphic Arts Employers Association refused to negotiate the traditional printer-contract clause barring handling of work which had previously passed through a nonunion printing shop.

Dispenses
Jumbo Size
Sheets Quickly,
Easily



AO 850 Dispenser

Sheets dispensed are twice the usual size. One sheet does the job. Silicone-treated to make each wiping of safety glasses last longer and the next cleaning easier. Dispenser is compact: 3 1/4" x 7 1/4" x 3 1/4". Adhesive strip for wall or post mounting. Can be ordered as follows:

- 850 Dispenser and 6 packages of Magic Lens Tissue
- 850 Dispenser only
- 850 T Six packages of Magic Lens Tissue. 800 sheets (5" x 6 3/4") per pack. (Sold only in cartons of 6 packages.)

This
"Tremendous Trifle"
Helps Prevent
Accidents, Adds to
Production Efficiency

AO Sweatbands keep workers cooler, more efficient . . . keep sweat out of eyes and off safety lenses. Prevent accidents due to blurred vision. Stops foreign matter from being carried into eyes thereby reducing eye dispensary cases. The cost? Pennies!

QUICK FACTS — Cellulose sponge — absorbs 16-20 times its weight. 1 3/4" wide, weighs only 1/2 oz. Reinforced ends — all rubber adjustable strap. Several models available — 109B (shown), 108B — 1" wide and "wrap around" types for helmets and face shields.

AO 109B Sweatband

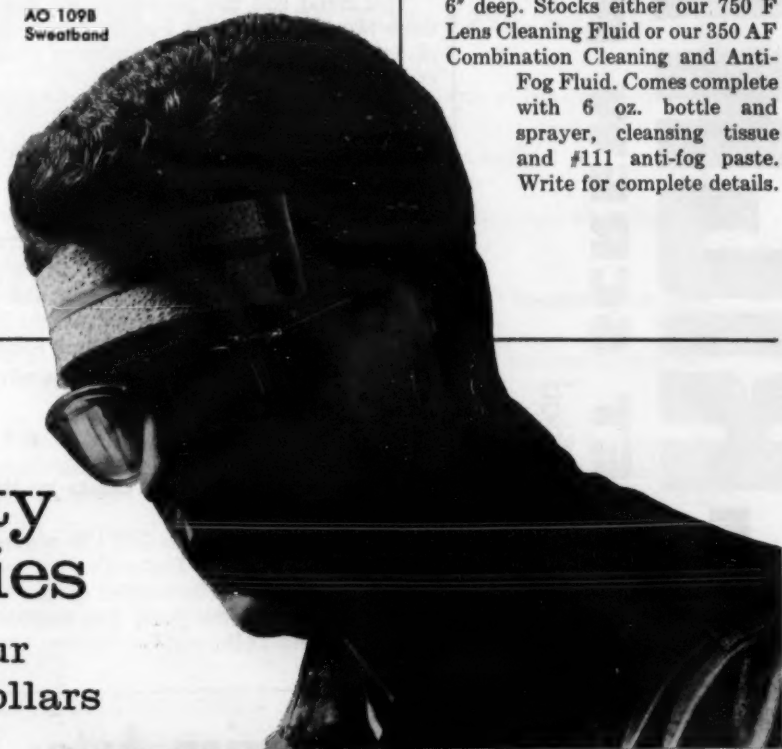


AO 750 Lens Cleaning Station

Handy, Compact Lens
Cleaning Facilities

Make it easy for workers to keep safety glasses clean for better protection and better job vision and efficiency. Station will not corrode; it's wood — particularly suitable for the chemical and paper industries. Provides all necessary cleansing and anti-fog materials to clean glass or plastic. 12" long, 9" high, 6" deep. Stocks either our 750 F Lens Cleaning Fluid or our 350 AF Combination Cleaning and Anti-Fog Fluid. Comes complete with 6 oz. bottle and sprayer, cleansing tissue and #111 anti-fog paste. Write for complete details.

AO Safety
Accessories
That Help Your
Eye Protection Dollars
Go Farther!



American Optical

COMPANY

SAFETY PRODUCTS DIVISION
SOUTHBRIDGE, MASSACHUSETTS

Safety Service Centers in Principal Cities

YOUR NEAREST AO SAFETY PRODUCTS
REPRESENTATIVE CAN SUPPLY YOU

Always insist on AO
Trademarked Safety Products

BE SAFE FOR SURE — WITH AO SURE-GUARD EQUIPMENT

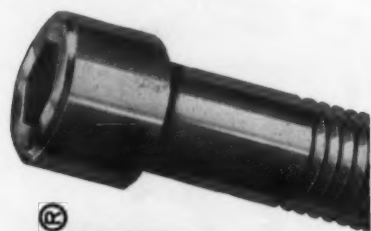
Chile Warms to Russians' Plan To Swap Equipment for Copper

Moscow—Russia's economic offensive in Latin America picked up momentum last week as members of a Chilean trade delegation here reported in readiness to "open the door to Red trade."

While no formal agreements have been signed, delegation head Domingo Arteaga, president of Chilean Union of Industry and Trade, indicated there had been a "meeting of minds" on Soviet purchases of copper, nitrate, and other goods in exchange for Russian oil, mining equipment, and petroleum.

Arteaga pointed out that 83% of Chilean copper production is owned by U. S. interests. Many of the remaining Chilean mines however, are not currently being worked because of inadequate capital and equipment.

He inferred that his country might sell its own copper production to the Soviets in return for which the Russians would re-equip Chilean-owned mines.



B-RIGHT-ON®
SOCKET SCREW PRODUCTS
Cincinnati 2, Ohio
1849 Reading Road

You can
do better
with...



This Week's

Foreign Perspective

FEBRUARY 1-7

Moscow—Russia is stepping up its drive to increase its trade with the U. S.

In the latest issue of the Soviet magazine "Foreign Trade," Red trade officials point out the U. S. is the only big capitalist country without a trade agreement with the Soviets. In 1958, Soviet trade with Finland was over eight times as great as its trade with the U. S.

The article emphasizes that history shows the Soviet Union will carry out its economic goals with or without United States trade relations—but that the present setup means loss of potential business to many American manufacturers.

The report challenges those in the United States who say there's no adequate basis for trade. It notes that the Soviets can offer American buyers such things as manganese ferroalloys, plating, palladium asbestos, potassium salts, timber, pulp and paper, certain chemicals and fur-skins.

There's an additional advantage, too, say Soviet trade officials. In these days American specialists can learn much from Soviet engineers and vice versa. The article recalls the Dresser licensing of Soviet design oil turbodrill, and the interest shown by a number of United States companies in purchase of Soviet medical equipment, as well as equipment for electric slag welding.

There's a prediction, too, that conditions will become more favorable for trade between the two countries—partly because of the current development of vast stretches of Soviet Siberia.

• • •

Bonn—Officials here are generally enthusiastic about the results of the recent economic meetings in Paris.

U. S. and Canadian decision to move closer to Western Europe is regarded as a healthy sign. Also, West Germany is more confident about being able to hold up its end of aid to underdeveloped countries in the forthcoming negotiations.

However, two other new political developments are creating some worry:

1. The resignation of French Finance Minister Pinay. He had been counted on to help push down the final external tariff for the six Common Market nations. That may happen anyway in the course of the general tariff discussions this fall—but with Pinay gone, it's apt to be more difficult.

2. The Egyptian award of the entire Aswan Project to the Soviets. High German officials now in Cairo had hoped to make a strong pitch for German participation in the second stage. They still may be able to pull something out of the bag to partially balance the Communist propaganda victory—but no solid ideas are being advanced.

• • •

Vienna—Competition is seeping into the Soviet sphere. Reports reaching here indicate a growing rivalry between Russia and Poland over European coal markets.

This could add new strains to the already delicate balance existing between these two Red countries. For the fact is that Poland feels the increasing pressure of Soviet coal deliveries to countries which until now were regarded as almost exclusively Polish coal markets.

Soviet foreign trade missions in various European countries have started to offer Soviet coal at prices far below the Polish price level. As a result, Soviet coal is now gaining in Scandinavian and Central European countries—also in the Balkan areas.

Finland is a typical example of this new drive. Polish coal exports to Finland fell 35% from 1957 to 1959. Over the same time, Soviet coal deliveries to Finland more than doubled.

The massive Soviet coal sales campaign will probably spread during 1960 to even more countries. It is obvious that the USSR is driving hard to sell more of its surplus coal to Western and Southern European countries.

Low Soviet prices could also have an adverse affect on already hard-hit American coal exports.

• • •

London—New auto figures emphasize the importance of the U. S. market to British car makers.

During 1959, Britain sent 208,139 automobiles to the U. S.—a new peak. All this was enough to push England's total 1959 auto production and auto exports to new record highs. The number of cars manufactured in 1959 (1,189,970) was 13% above the previous year. The number exported (568,846) showed an even bigger boost—to 18%.

First Russian Autos to Arrive in U.K.

London—First shipments of \$420,000 worth of Soviet automobiles and spare parts are slated to arrive in Britain this April.

The car deliveries are part of a five-year Anglo-Soviet trade agreement signed last year, giving Thomson & Taylor, Ltd., automobile and general engineers, exclusive U.K. distribution rights to the Russian automobiles.

Two models are involved in the deal: a 2.5 liter Volga sedan, capable of developing 80 bhp at 4,000 rpm; and a compact 1.36 liter Moskvich sedan, which can develop 45 bhp at 4,500 rpm. Estimated selling prices are \$3,290 for the Volga and \$2,240 for the Moskvich.

Foreign News In Brief

London—British production of all man-made fibers reached a new peak of 513.89 million lb last year, the British Man-made Fibers Federation reported last week.

The 1959 record total, which surpasses 1958 figures by some 92 million lb, was attributed to expanded production of rayon staple, which accounted for nearly one-half of British man-made fiber production.

• • •

London—The British government upped its bank rate from 4% to 5% last week in a move described as "official determination to avoid an inflationary spiral."

While the government's action was not entirely unexpected, observers here were surprised by the timing of the rate hike.

Government sources related the boost to certain "imbalances" in the country's economic recovery. They pointed to a recent outflow of U.K. capital to the U. S. as partially responsible for the action.

• • •

Milan, Italy—Fedders Corp., U. S. manufacturer of air conditioners for home, office, and factory, has granted Rheem Safim S.p.a., a license to make and sell its products.

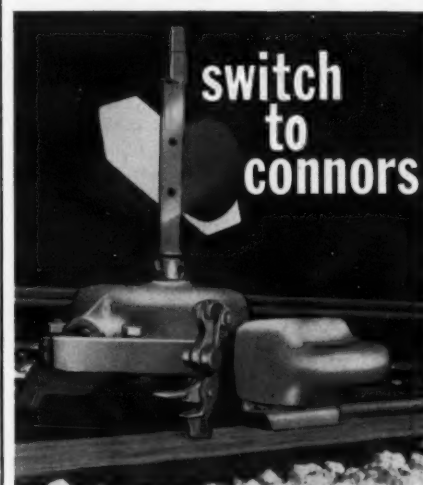
Rheem Safim, an affiliate of Rheem Mfg. Co., Chicago, expects to start production here in June, and will market the air conditioners through its 24 sales offices in Italy.

• • •

Montreal—A leading manufacturer of explosives, Canadian Industries, Ltd., has announced price increases averaging 4.7% on all high explosives and some blasting accessories.

The price hikes, were attributed by CII officials to "increased unit costs of manufacturing and distributing high explosives."

This latest boost brings current selling prices of explosives to 64.8% above pre-war rates, they added.



For a complete line of light rail, trackwork and trackwork accessories call on Connors. Whatever your needs, Connors engineering staff can assist you in replacement or new track installations. Our one plant production allows shipment in mixed carloads. For more information or catalog, write West Virginia Works, P. O. Box 118, Huntington, West Va.

CONNORS STEEL DIVISION

PORTER

H.K. PORTER COMPANY, INC.

Purchasing Week

February 1, 1960

Steel Expands Data Processing

New York—Steel producers, caught in a log-jam of post-strike orders, are expanding their data processing systems to help clear up the mountainous backlog and speed up customer service.

Two firms—Radio Corp. of America and International Business Machines Corp.—told PURCHASING WEEK they are getting set to install new machines in these mills:

• **Sharon Steel Corp.**—IBM will set up a new 650-Tape Ramec Computer to handle all steps in order processing, from telephone inquiries to accounting and billing. The system will be in operation by midyear.

• **Jones & Laughlin**—RCA is putting in a 110 industrial Control Computer to supplement J&L's two IBM 650 card systems already handling accounting and coil steel production control.

• **U.S. Steel**—Two new RCA 110's, scheduled for delivery later this year, will handle the company's production control. U.S. Steel already has one order processing computer in operation.

• **Crucible Steel Corp.**—RCA will install a 501 Integrated Data Processing System later this month. The new device is expected to cut Crucible's order processing time 25%.

Other companies currently on a computer binge include Allegheny-Ludlum, where an RCA 501 is scheduled for delivery in November, and Inland Steel, which has just completed installation of an IBM 650 for mill accounting and machine servicing procedures.

John Roemer, chairman of the board at Sharon Steel, summed up industry feeling about the trend: "We expect our new computer (an IBM Ramec) to improve customer service through swifter, more accurate scheduling and processing of orders. It will enable us to assign and hold more closely to delivery dates," the steel executive predicted.

"The 501 is particularly adaptable to the steel industry," said Edwin M. McPherson, adminis-

trator of industry applications and manufacturing at RCA.

"The machine can read either backward or forward on its tape, which under certain applications eliminates the necessity for re-winding in searching for data," McPherson explained.

RCA is following up its boom in 501 sales by conducting seminars at its Data Processing Center at Cherry Hill, N. J. the next session will be held on Jan. 27-29, at which time various applications of the computer will be demonstrated.

Canadians Say New Paint Goes on 50% Faster

Montreal—The paints division of Canadian Industries Limited has introduced an acrylic-latex exterior paint, after five years of laboratory and field research followed by market testing.

Two main advantages claimed for the new product are that it cuts brushing time by 50% and is more blisterproof than any other type of paint.

Developed for use on the exterior of buildings, acrylic-latex exterior paint has exceptional advantages where blistering can be a problem, the new paint flows so smoothly that brushing time is cut in half. It dries in less than an hour and will not be affected by rain if the paint is allowed to dry for as short a period as 20 minutes. The problem caused by dust and bugs

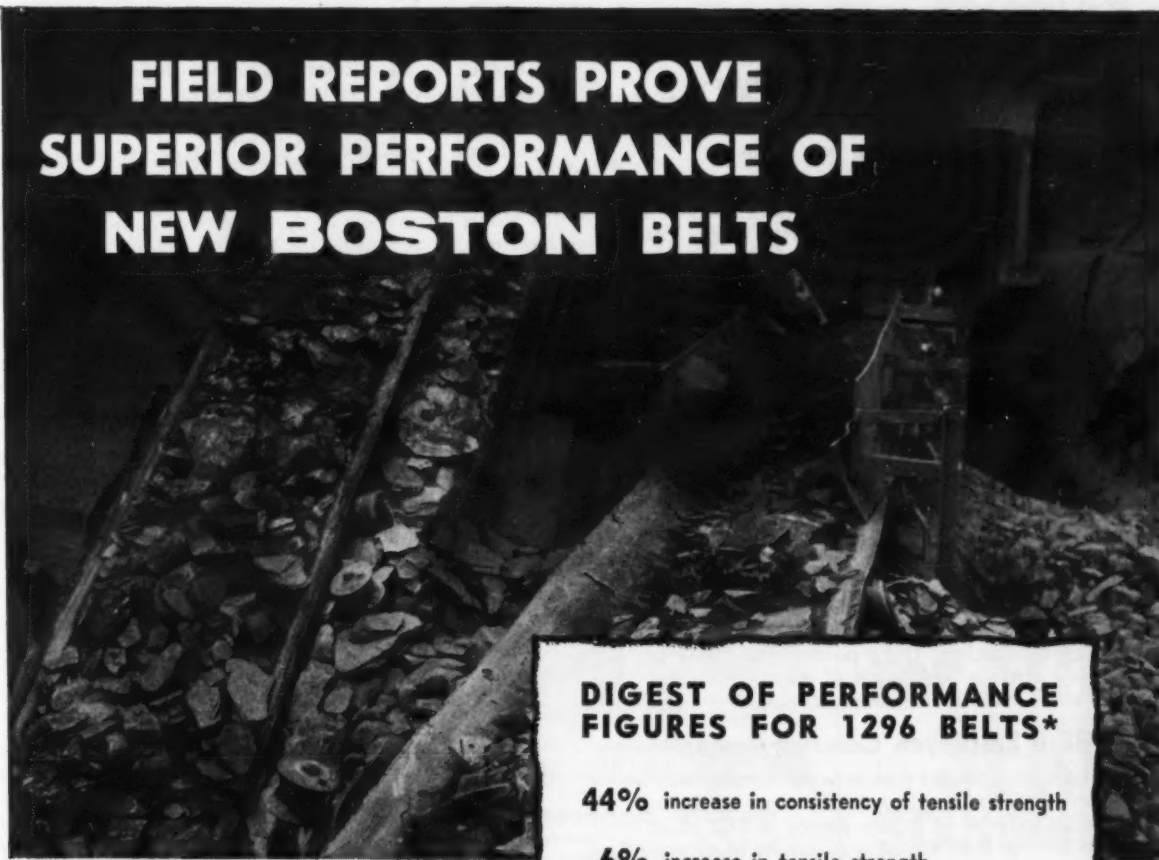
sticking to conventional paint during summer application is almost eliminated.

The speed at which the new paint dries permits the application of a second coat the same day.

Blistering is caused by moisture vapor passing through walls and building up behind the exterior paint film. When the pressure is great enough it pushes the paint ahead of it in the form of a blister.

According to CIL, its new acrylic latex exterior paint, correctly applied, has the capacity to "breathe", thus allowing moisture vapor to pass right through from the inside. In this it is something like human skin in its ability to keep water out while letting perspiration through.

FIELD REPORTS PROVE SUPERIOR PERFORMANCE OF NEW BOSTON BELTS



DIGEST OF PERFORMANCE FIGURES FOR 1296 BELTS*

44% increase in consistency of tensile strength

6% increase in tensile strength

130% improvement in consistency of elongation

* Compared to belts previously manufactured

HERE'S WHAT DOES IT!

The startling figures above are a direct result of two major belt manufacturing advancements—both developed by, and exclusive with, Boston Woven Hose & Rubber Co.

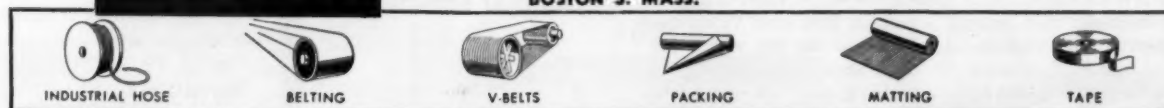
ADVANCEMENT #1 BALANCED BELT CONSTRUCTION for the first time equalizes ply stress so that each ply pulls its full share of the load. BBC eliminates lazy plies. A BOSTON exclusive because only BOSTON can combine Electronic Tension Controls with Rotocure, the continuous method of vulcanization, which assures uniformity throughout the belt.

ADVANCEMENT #2 DULON markedly improves the aging characteristics of BOSTON belts. An exclusive BOSTON research development, the tough specially treated cover compound stays resilient longer... makes the belt much more resistant to abrasion, gouging, tearing and oxidation.

BALANCED BELT CONSTRUCTION plus DULON add up to longer belt life... less trouble in service... greater economy.

BOSTON

BOSTON WOVEN HOSE & RUBBER COMPANY
DIV. OF AMERICAN BILTRITE RUBBER CO., INC.
BOSTON 3, MASS.



RailExpert Sees 50% Cut In Rates, Ton-Mile Rise

New York—"The Golden Age of the 130-year-old iron horse is yet to come," predicts a leading railroad supply company official.

Speaking before the Transportation Research Forum here, J. D. Loftis, marketing director at ACF Industry's American Car and Foundry Div., said he based his confidence in the future on these "potential" accomplishments:

• A 50% reduction in freight transportation costs.

• A 7% rise in the number of gross ton miles (gtm) currently handled. Railroads now carry 43% of U.S. transportation's gtm's Loftis pointed out. Abandonment of branch lines, he said, will lower costs and clear the way for this competitive advance.

• Doubling of railroad after-tax profits to 6% "or better."

• Adoption of "pipeline methods" in freight handling, with fewer freight yards and many load centers. Automation, said the ACF executive, will figure importantly in improved handling equipment at these points.

P/W MANAGEMENT MEMOS

A collection of timely tips, quotations, and inside slants on management and industrial developments, along with a run-down of events and trends of use to the purchasing agent.

The Paperwork Jungle

Big Business is still breeding big paperwork, despite streamlined organization, says Leland E. Dake, of Cresap, McCormick and Paget, management consultants. Dake blames the mountains of paperwork generated at lower echelons for the inefficiency and waste found in some businesses. Here are prime examples:

The president of a large corporation suspected that his 23-man sales department was overstaffed, so he asked his accounting department to make detailed regular reports on sales functions. The extra reporting required the addition of three accountants to the staff. Their initial report recommended that the sales force be cut by three men. This was done immediately, but the accountants are still there, grinding out reams of reports.

The division head of another major corporation initiated a request to sell a surplus piece of equipment worth \$500. The request bounced between 13 people for approval, though only one of the 13 could understand it because of the technical nature of the equipment. It ultimately required 30 pieces of paper, with its appropriate file space, and 100 man hours to process. By the time approval came through, the division manager had lost the buyer.

"Each line in the organization circuitry," Dake points out, "is a highway for volumes of paperwork . . . in this maze of down-the-line and across-the-line communication, lie untold opportunities for clerical and paperwork expense reduction."

Dake insists that, as a rule, "Greater cost savings can be achieved through the cumulative result of many small efficiencies than you can get from tackling big ones." Gains in this area, he adds, must be augmented by a system of management controls.

Most cost cutting approaches, Dake points out, "tend to focus only on the few obvious large areas of potential savings rather than on the smaller but more numerous areas."

How Do You Rate Employee Communication?

Most managers have long agreed that personal contact with both employees and top management is the most effective means of communicating ideas. A recent survey of 162 plant managements backs this up. But the survey (taken by McGraw-Hill's Factory) shows that some old stand-bys are low on the scale:

Employee publications, management letters,

unions, and the "grapevine" are ranked far less effective than personal contact, meetings, and written memos.

The latter three plus formal reports were judged the most effective for getting the boss' ear.

Moral: If you want to sell an idea to boss or worker, talk about it directly, discuss it with him in a meeting, or send him a formal memo.

New Measure of Automation

Average capital investment per production worker in U.S. manufacturing industries declined slightly to an estimated \$17,800 during the first six months of 1959, compared to 1958's record high of \$17,900.

This figure represents the book (net depreciated) value of plant, equipment, inventories, and other assets spread over the number of production employees in that industry.

It's also a rough gage of the amount of automation used in an industry, by measuring the ratio of equipment to workers. By comparing the trends in capital investment per worker, you can get an idea of how fast industry is mechanizing its operations and increasing output per worker.

But, says the National Industrial Conference Board (NICB), industry is not de-automating. The small decrease in capital investment per worker during the first half of last year was because the number of workers rose by 5% (due to the recession comeback), which more than outpaced a 4% rise in capital investment. In contrast, 1958 looked good because employment declined 10%, while capital investment rose 2%.

NICB has statistics by industries that point up the leaders: five have shown a continuous rise since 1948—nonelectrical machinery, petroleum processing, printing and publishing, ceramics, and glass and tobacco. The most spectacular relative gain is in instruments, up 150% over 1948. Two others up over 100% were primary metals and automobiles. Lagging: Apparel, only 8% over 1948, and leather, up 25%.

Short Pointer

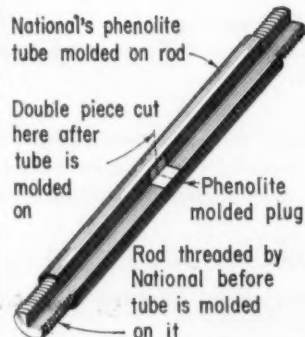
"A friend of mine who owns a small factory told me recently that his success over competition was due primarily to employee morale. He said that tools, machines, equipment, and production know-how are available to anyone who would make use of them. But the final measurement of production was . . . employee attitudes."—Murray K. Simkins of the Jam Handy Organization before the Society of Automotive Engineers, Detroit, Jan. 15.

What Value Analysis Can Do For You

G.E. purchased phenolic plastic tube, cemented it to rod



BEFORE ANALYSIS: G.E. made brush holder stud, purchasing plastic tube and inserting rod into it. Tolerance necessitated cementing tube to rod.



AFTER ANALYSIS: G.E. got a supplier (National Vulcanized Fibre) to do the whole job. Costs were further reduced by making part as a double-header, then cutting it up.

Source: National Vulcanized Fibre Co., Wilmington, Del.

TECHNIQUE:

Seek a specialty vendor (1) whose facilities and talent can produce your special part at less cost (2) who can help redesign your part so that it can be made more cheaply.

SAVINGS:

(from \$1.74 to 66¢)
\$3,000 annually

←NEW

30-Second Case History

Beginning this week (and appearing every other week hereafter), PURCHASING WEEK will cull the best available case histories of value analysis as practiced by alert purchasing men everywhere and present them to you in this space. We will present here usable examples of the basic skills of value analysis: 1. Finding out what function the item under study must perform; 2. Determining what substitute or redesigned material can fill the same need at lower cost.

We are anxious to hear of your success with value analysis. So send your case histories to the Products Editor, Purchasing Week, 330 W. 42nd St., New York 36, N. Y.

Letters Appear on Page 15.

Purchasing Week



PUBLISHER: Charles S. Mill
EDITOR: Edgar A. Grunwald
Managing Editor: John M. Roach
Asst. M'ng. Editor: Edward W. Ziegler

News:

William G. Borchert, SENIOR EDITOR
Harlow Unger, Domenica Mortati,
Roy Miller

Price:

Robert S. Reichard, SENIOR EDITOR
Dan Balaban

Products:

David Bressen, SENIOR EDITOR
Thomas M. Haggerty

Management:

John D. Baxter, SENIOR EDITOR
Ira P. Schneiderman, William R. Leitch

Presentation:

Samuel Cummings, James P. Morgan,
Gail Gruner

Consulting Editors:

George S. Brady, F. Albert Hayes,
Robert Kelley

McGraw-Hill Economics Staff

Dexter M. Keezer, DIRECTOR
Robert P. Ulin, Douglas Greenwald

McGraw-Hill News Bureaus

John Wilhelm, DIRECTOR
Margaret Ralston, M'NG EDITOR
Washington: George B. Bryant, Jr., CHIEF
Glen Bayless, Donald O. Loomis,
Roy L. Calvin, Arthur L. Moore,
Anthony De Leonardis, John C.
L. Donaldson

Atlanta: Billy E. Barnes
Chicago: Stewart W. Ramsey
Cleveland: Arthur Zimmerman
Dallas: Marvin Reid
Detroit: Donald MacDonald
Los Angeles: Kemp Anderson
San Francisco: Jenness Keene
Seattle: Ray Bloomberg
Belmont: Onnic M. Marashian
Bonn: Morrie Helitzer
Caracas: John Pearson
London: John Shinn
Mexico City: Peter Weaver
Moscow: Ernest Conine
Paris: Robert E. Farrell
Tokyo: Sol Sanders

Assistant to the Publisher

Raymond W. Barnett
Marketing Services Manager
E. J. Macaulay
Circulation Manager
Henry J. Carey
Business Manager
L. W. Nelson

Vol. 3, No. 5 February 1, 1960
PURCHASING WEEK is published weekly by the McGraw-Hill Publishing Co., Inc., James H. McGraw (1860-1948), founder. Publication Office, 99-129 North Broadway, Albany 1, N. Y. See panel below for directions regarding subscriptions or change of address.

EXECUTIVE, EDITORIAL, CIRCULATION AND ADVERTISING OFFICES: 330 West 42nd St., New York 36, N. Y. Donald C. McGraw, President; Joseph A. Gerardi, Executive Vice President; L. Keith Goodrich, Vice President and Treasurer; John J. Cooke, Secretary; Officers of the Publications Division: Nelson L. Bond, President; Harry L. Waddell, Senior Vice President; John R. Callahan, Vice President and Editorial Director; Joseph H. Allen, Vice President and Director of Advertising Sales; A. R. Venezian, Vice President and Circulation Coordinator.

Subscriptions are solicited only from purchasing executives in industry, business and government. Position and company connection must be indicated on subscription orders. Send to address shown in box below.

United States subscription rate for individuals in the field of the publication, \$6.00 per year, single copies 50 cents; foreign \$25 per year, payable in advance. Printed in U.S.A. Title registered in U. S. Patent Office. © Copyrighted 1960 McGraw-Hill Publishing Company, Inc., all rights reserved.

UNCONDITIONAL GUARANTEE:—We agree upon direct request from paid-up subscribers to our New York office, to cancel any subscription if PURCHASING WEEK'S editorial service is unsatisfactory. The proportionate subscription price of any unmailed copies will be refunded.

SUBSCRIPTIONS: Send subscription correspondence and change of address to Subscription Manager, Purchasing Week, 330 West 42nd St., New York 36, N. Y. Subscribers should notify Subscription Manager promptly of any change of address, giving old as well as new address, and including postal zone number, if any. If possible, enclose an address label from a recent issue of the publication. Please allow one month for change to become effective.

Postmaster . . . Please send form 3579 to Purchasing Week, 330 W. 42nd St., N. Y. 36, N. Y.

What's the best way to tell a vendor that he is being replaced?



H. G. Russell, purchasing agent, Sunde & d'Evers Co. (sails, flags, etc), Seattle:

"We never change vendors without a good reason and that reason invariably is good enough to tell the salesman. The only problem is telling the truth in such a fashion that we retain the salesman's good will so he'll feel free to call again. In the case of materials going into boats we make, we change only when quality control is inadequate. In the case of items for resale, we change only when another vendor has an item just as good as part of a larger line. In either case, we tell the truth and give the salesman a chance to see us again."



Max Pearce, vice president and director of purchasing, Technical Tape Corp. (pressure sensitive tapes, etc.), New Rochelle, N. Y.

"I would tell the supplier just what the score is. I feel the direct approach is the best. Of course, there would have to be a very good reason—not just price alone—for us to drop a supplier with whom we have been doing business for a long time. I first would give him a chance to meet the new terms with the understanding that if he couldn't we would regretfully have to switch to this other source. I don't believe in hiding the facts."



Dan Guerrant, purchasing agent, Calvert Iron Works, Inc. (steel structural work & erection), Atlanta:

"A great number of my suppliers are long-time ones, so I don't quit a supplier without giving him a chance to meet a new man's quote. When a man I'm not already dealing with gives me a better offer, I lay it on the line to my current vendor. I tell him what the new offer is. Usually, my long-time vendor will meet the new terms. If he can't meet them, and I do have to switch, the old vendor understands and won't be nearly so upset as he would have been if I had not given him a chance to meet the new offer."



E. H. Cadmus, purchasing agent, Thomas J. Lipton, Inc., Hoboken, N. J.:

"Circumstances dictate the approach necessary for this unpleasant task and, of course, there are many different situations. It may be simply a matter of change in geographical location—conditions beyond the buyer's and seller's control. However, replacement because of vendor's performance for either quality or service can be difficult. In these instances the change should come as no surprise to the vendor but whatever the reasons, it is our policy to state them candidly and with finality."



Bill Winckler, purchasing agent, Packard-Bell Corp. (radio apparatus), Los Angeles:

"I find the best approach is to be brutally frank. There's no reason for covering up the facts. To be fair the vendor should know the exact reason why he is being replaced. The purchasing agent, if he is doing his job, is prepared to present the vendor with statistical information, gathered from the buyer, that proves his product is noncompetitive, or of poor quality. Often, the vendor will find that he is losing contracts from other companies. Faced with these facts what other recourse is there? This is the policy I follow."

Next Week—Feb. 8

Six purchasing men answer this question:

To what extent should local sources be given preference in the selection of suppliers?

You can suggest a question to be answered in this department by writing:
PURCHASING WEEK Asks . . .
330 West 42nd St.
New York 36, N. Y.

In the World of Sales

Robert G. Hamilton has joined Fasson Products, Div. of Avery Adhesive products, Inc., Painesville, Ohio, as industrial products sales manager, a new post. He was formerly with Wurlitzer Co., North Tonawanda, N. Y.

Norman C. Macdonald and **James E. Burke** were made sales manager and assistant sales manager respectively, Rawlplug Co., Inc., New Rochelle, N. Y.

Gale M. Hallett, advertising director, Charleston Rubber Co., Charleston, S. C., has been assigned the added post of sales manager.

E. J. Schultz was made vice president, sales, Abitibi Corp., Alpena, Mich.

Larry Dwyer was promoted from sales manager to vice president, sales, for the Clad-Rex Div., Simoniz Co., Chicago.

Monroe L. Stark became sales manager of the Turner Corp., Sycamore, Ill.

Malcolm R. Lewis has taken the post of sales manager with the Industrial Equipment Div., United States Dynamics Corp., Boston, Mass.

Paul Sherlock was appointed sales manager by ENFAB, Inc., San Jose, Calif.

Louis W. Jander, formerly assistant general sales manager, has been advanced to general sales manager, Yale Materials Handling Div., Yale & Towne Mfg. Co., Philadelphia.

R. S. Edwards, Jr., has been named sales manager for Edwards Co., Inc., Norwalk, Conn.

Frederick M. Jackson was made sales manager of the R-P&C Valve Div., American Chain & Cable Co., Inc., Reading, Pa. He had been with Walworth Co., New York.

for longlife efficiency at low cost

It's
DARNELL



FEATURING THE FINEST IN

Casters and Wheels

A TYPE
AND SIZE
FOR EVERY
PURPOSE

- 1 RUBBER TREADS . . .** a wide choice of treads suited to all types of floors, including Darnelloprene oil, water and chemical-resistant treads, make Darnell Casters and Wheels highly adapted to rough usage.
- 2 RUST-PROOFED . . .** by zinc plating, Darnell Casters give longer, care-free life wherever water, steam and corroding chemicals are freely used.
- 3 LUBRICATION . . .** all swivel and wheel bearings are factory packed with a high quality grease that "stands up" under attack by heat and water. Quick grease-gun lubrication provides easy maintenance.
- 4 STRING GUARDS . . .** Even though string and ravelings may wind around the hub, these string guards insure easy rolling at all times.



DARNELL CORPORATION, LTD.

DOWNEY, LOS ANGELES COUNTY, CALIFORNIA
37-28 SIXTY FIRST ST. WOODSIDE 77 L. I. N. Y.
36 NORTH CLINTON STREET, CHICAGO 6, ILLINOIS



FOR SUPER SERVICE

STANDARDIZE 100% ON SOUTHERN FASTENERS

Southern Screw service is the best—day in, day out. But when Southern's "best" is not good enough—when you are faced with an immediate need for super service to keep production at top speed, Southern fills the bill then, too. Whether it's an air shipment from Southern's Statesville factory, or a rush order from one of our four strategic warehouse locations, Southern's service, like Southern quality, has earned an enviable reputation for dependability.

For service, for quality, for down-the-line dependability in all of your production operations, standardize on Southern—specialists in the manufacture of fasteners exclusively! Send you order to Southern Screw Company, P. O. Box 1360, Statesville, North Carolina.

Manufacturing and Main Stock in
Statesville, North Carolina

Warehouses:
New York • Chicago • Dallas • Los Angeles

Machine Screws & Nuts • Tapping Screws • Wood Screws • Stove Bolts • Drive Screws • Hanger Bolts • Carriage Bolts • Dowel Screws



How Your Steel Order Goes Through a Mill

(Tints indicate various alloy specifications; silhouettes show different shapes of steel.)

1. Orders come in, go into this general backlog. Then they're sorted by heat specifications, sent to . . .

2. Open hearth furnaces and primary mills. All stainless, for example, regardless of shape, goes into same heat. Then . . .

3. It goes to finishing mills where items are grouped according to their shape. Last grouping . . .

4. Reshuffles the steel for the last time into carload lots for the purchaser. Total time elapsed: from a few days to a month.

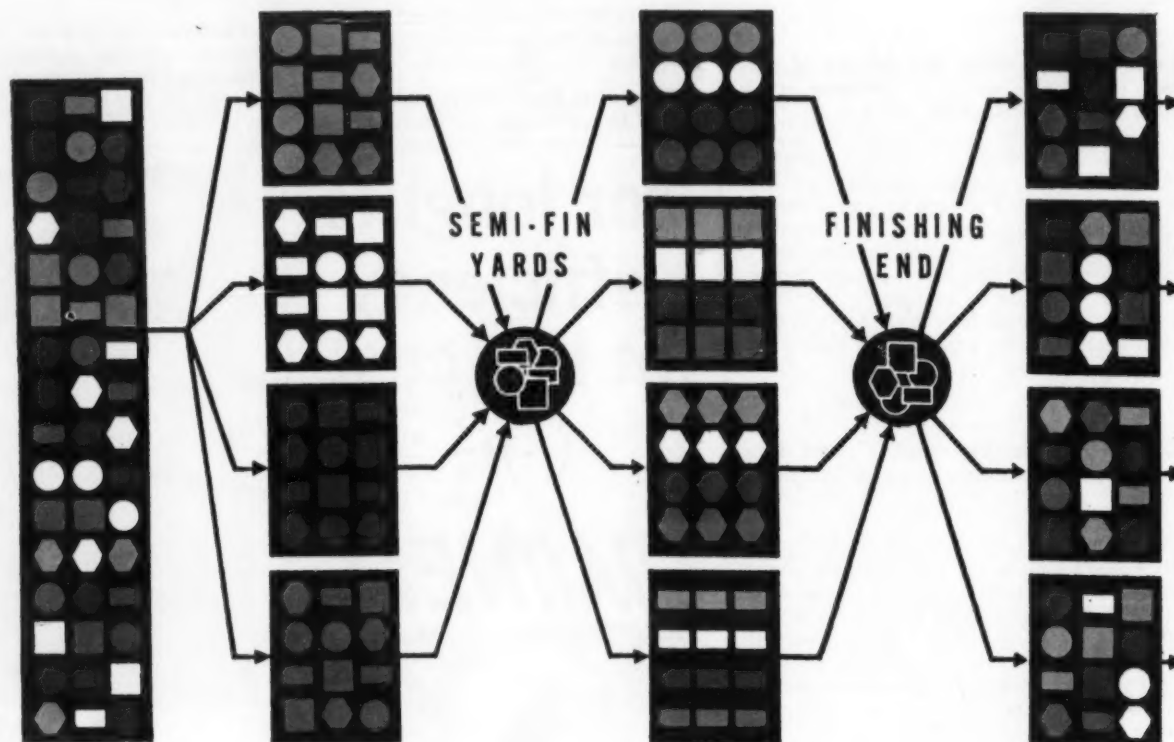


Chart courtesy of United States Steel

Here's V On Whe An Orde

From the time
uled to finished
you order go
three major s
tionally, the c
chart at left; v
tos at right. In
process—from

TO get a first hand idea of how a typical purchase order is filled, PURCHASING WEEK recently visited two United States Steel Corp. plants and asked this question: How long does it take to process a purchase order from the time it's received to the day the product is shipped?

The first answer we got: It depends on the nature of the order and on production schedules.

In some cases a shipment can be on its way in a matter of hours. In other instances it may take a month. The average is somewhere in between. In any case the order will be produced and shipped as quickly as processing permits, as the plant is as anxious as the purchasing agent to have it completed.

A small lot of standard type steel usually will get the fastest action of all, especially if it's part of a larger production order. But if the order involves special processing or com-

plicated testing procedure complete it.

The above diagram indicates the flow of steel through in moving from mill to mill. Photos (right) show each major step in the steel making is a job for mass production—companies and still maintain flexibility in the biggest steel maker—U.S.

An order for a specific shape of steel moves from backlog to open hearth furnaces of the same specifications. The steel is then regrouped according to shape (plate) and sent to the appropriate mill. The mill has produced the plate and the carload lots for shipment to the purchaser.

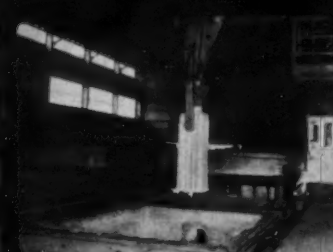
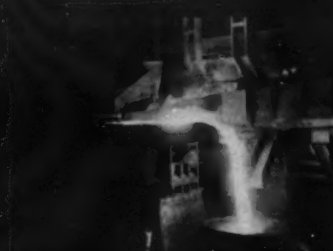
What Goes You Sign for Steel

ur order is sched-
shipment, the steel
through at least
flings. Organiza-
es looks like the
ally like the pho-
it's a complicated
art to finish.

It may require more time to

es the steps a steel order goes
backlog to customer inventory.
production step. Because steel
uction—with a wide variety of
organize for volume output
production. Here is how the
eel schedules orders:

l product (plates for example)
arth together with other orders
ce in ingot or slab form, orders
the particular end product
ropriate mill for finishing. After
products are reassembled by
dividual customers.



1. YOUR ORDER FOR STEEL PLATE goes directly
to district sales office, where clerk (left) uses
Flexowriter to prepare final order for mill. Average
working time on your order is 30 minutes.

2. PRODUCTION PLANNING swings into action
immediately on receipt of the order, which
may have been sent by teletype (if speed was re-
quired) or by mail (if delivery well in future was
requested).

3. OPEN HEARTH OPERATIONS start plate order
on its way once scheduling is set. Molten iron
is poured from ladle into open hearth furnace. Here,
after nine hours of intense heat, molten steel is
formed into ingots.

4. INGOT STRIPPING is the process by which
ingots are removed from the mold. Here molds
are lifted for stripping. Ingot usually weighs about
25 tons.

5. INGOT SOAKING—takes several hours. This
six-ton ingot has been bathed in gas flame
until it glows red hot. Now it's ready for primary
rolling operations. Pit is 14 ft deep.

6. SLAB ROLLING starts when hot ingot moves
through horizontal and vertical rolls of slab-
bing mill. Up to this point your order has been
grouped with other orders for same type of steel.

7. PLATE ROLLING takes place on the 160-in.
plate mill as shown here at Homestead Dis-
trict works, Pittsburgh. Inspector measures the gage
to make sure it meets specifications.

8. PLATE FINISHING — after being rolled into
proper thickness, the steel is trimmed to exact
width and length dimensions on these huge shears
at the 160-in. mill.

9. SHIPPING—Completed plates are piled on the
shipping floor preparatory for shipment. Total
delivery time is determined largely by customer's
delivery requirements and by market conditions.

Best Reason for Having a Purchasing Manual: To Help Others Understand What You're Doing

Buffalo—Purchasing executives should issue purchasing manuals as a guide to buying policies—regardless of the company's size.

Speaking at the January meeting of the Purchasing Agents Association of Buffalo, David S. Gibson, purchasing vice president at Worthington Corp. and former president of the New York PAA, urged buyers to "develop good rules and then let your people know what they are."

"In developing a manual," he said, "it is important to sell the policies to your people rather than give the impression that you are handing down the law and expect everyone to toe the line."

"If you want enthusiastic cooperation and support," he added, "people must understand what you are doing and be convinced that it is right."

Gibson went on to disclose Worthington's vendor selection policies, citing these major factors as "basic" in the establishment of good supply sources:

- **Vendor reliability**, he stated, is determined by the supplier's "standing in the trade, his financial situation, and other factors

that make for confidence in the business world."

- **Ability to meet buyer requirements.** These requirements he said include material specifications, size, shape, quality, quantity, and delivery efficiency and reliability.

- **Effective vendor service,** both before an order is placed and after the materials are received.

- **Prices** (the fourth factor) Gibson said, are evaluated in the light of the three above factors as well as customer acceptance of product, geographical location of vendor, and, when necessary, reciprocity.

The purchasing executive urged Buffalo buyers to establish both short range and long range department objectives and expose their personnel to these

objectives at regular weekly or bi-weekly meetings.

"As a manager," Gibson declared, "delegate as much of your work as possible without abdicating your responsibilities. Let your people learn by making a few mistakes."

Need for Concise Reports

Gibson said P.A.'s should also make concise reports to management on commodity market conditions, price trends, important buying negotiations, results from value analysis, and profits from purchasing achieved by consolidation of quantities, substitution of materials, and new sources of supply.

Long Island Businesses

Ask for Base Conversion

Garden City, L. I.—Local business interests here urged the Defense Department last week to convert Mitchell Air Force Base into a federal procurement, research, and development center it was disclosed.

In a resolution, calling for prompt governmental action, the Long Island Association, representing 1,200 industrial and business organizations, said the new center would provide "innumerable benefits" for Long Island, and "substantial economies" for the government.

Ex-P.A. Sets Up His Own Campaign For Efficiency

Ft. Worth, Texas—When Purchasing Agent Dwight M. Adams was made B & H Instrument Co.'s plant manager here last month, he plastered factory walls with bright orange banners, bearing the letters "LDIS".

Several days later, Adams explained to bewildered production workers that LDIS was, in fact, the eye-catching beginning of his production-improvement campaign entitled: "Let's Do It Smarter."

Adam's idea has blossomed into a company-wide effort. Now some 200 employees as well as the electronic instrument firm's top management are constantly keeping their eyes open for ways of improving company operations.

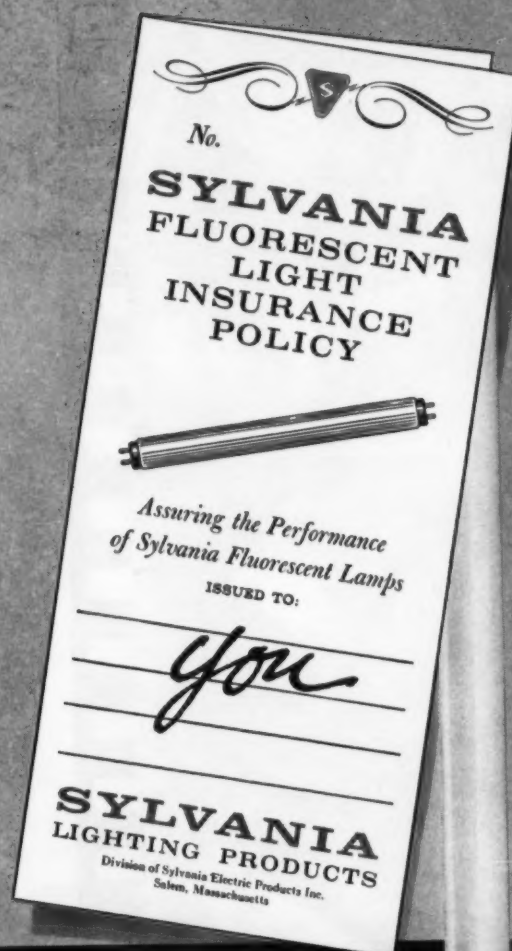
As a constant reminder and practical means for employees to cash in on suggestions, LDIS idea notebooks are printed every two weeks and sent to every worker.

The notebooks, with plenty of blank space on the inside to jot down suggestions, feature a different cover page cartoon on every edition, usually a zany example of improvement.

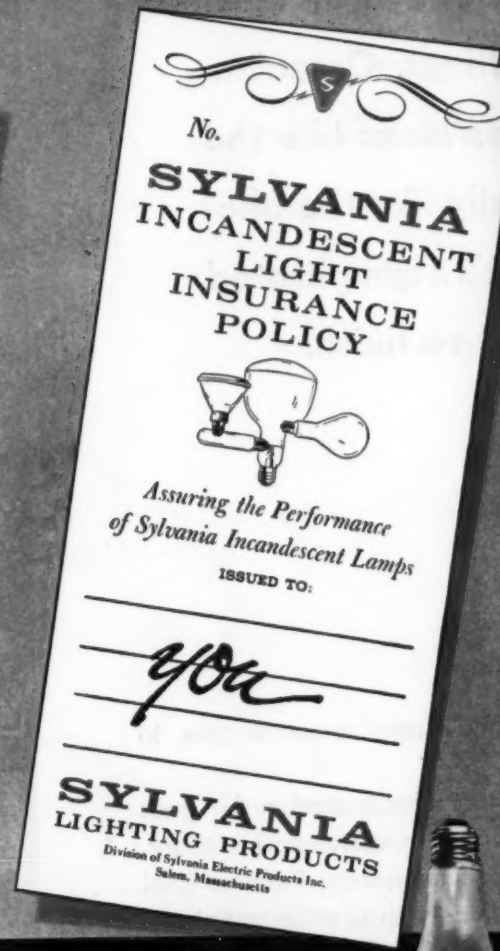
The aims of Adam's program are printed inside the notebook: "... Our ways of doing things are good but far from perfect. And other companies in the same business keep looking for better ways of doing things, smarter ways than ours."

"So we have to keep alert to improve," the message continues, "to keep ahead, to compete best in giving customers the best combination of product quality and reasonable price, to maintain and increase sales of our products..."

Now Sylvania issues 4 AND YOU ARE



1 for Sylvania
Fluorescents



2 for Sylvania
Incandescents

How can Sylvania do a thing like this? Issue one insurance policy after another to *guarantee* that you get maximum lighting value... or your money back! Simple!

Because Sylvania in one lighting product after another *consistently* gives you the lowest TCL—Total Cost of Lighting—of any brand. (TCL equals cost of lamp or starter plus power plus maintenance.)

Because Sylvania lighting engineers *consistently* break the TCL barrier to bring you *more light* for less cost.

Because Sylvania—through its outstanding research and devel-

opment—has been *consistently* out front in superior lighting.

There's just no question that Sylvania lighting products *do* provide top performance and will keep right on doing it! (You don't think we *want* to return your money, do you?)

Next time you buy Fluorescents, Incandescents, Mercury Vapor Lamps, or Starters, be sure your representative or supplier gives you your exclusive Sylvania Light Insurance Policy. Or write us: Sylvania Lighting Products, a Division of Sylvania Electric Products Inc., Dept. 46, 60 Boston Street, Salem, Massachusetts. In Canada: Sylvania Electric (Canada) Ltd., P. O. Box 1190, Station "O," Montreal.

This Changing Purchasing Profession . . .

Russell Wetherell, a past president of the Purchasing Agents Association of Oregon, has been made purchasing agent for the Portland office of **Van Waters & Rogers, Inc.** He succeeds **J. Frank Baker**, who was transferred to a supervisory post in sales.

John E. McWilliams, vice president-purchasing, **Blaw-Knox Co.**, Pittsburgh, retired after 40 years of service with the firm. A former president of the PAA of Pittsburgh, McWilliams is a past director of the NAPA.



J. E. McWILLIAMS H. B. GORDON

H. B. Gordon has been promoted from assistant purchasing agent to purchasing agent for the **Stamping Div., Eaton Mfg. Co.**, Cleveland.

Robert E. Olson succeeds **A. F. Mohr** as purchasing agent of **Line Material Industries'** central plant at South Milwaukee. Mohr retired after 33 years with the firm.

Ted Coble was promoted to purchasing agent, **Fyr-Fyter Co.**, Dayton, Ohio, and **Roy Wones** has joined the firm as assistant purchasing agent.

Richard P. Snyder, formerly chief engineer for **Harbison-Walker Refractories Co.**, Pitts-

burgh, has been appointed manager of purchasing and engineering.

J. Bruce MacKinnon has been made purchasing agent of the **Special Products Div., Stromberg-Carlson**, Rochester, N. Y., a division of General Dynamics.



R. P. SNYDER

J. B. MacKINNON

Letters & Comments

Stale, Flat, Unprofitable

Los Angeles, Calif.

I wonder how many persons engaged in purchasing activities get tired of hearing from "recognized authorities in the purchasing field" and of reading articles on purchasing matters prepared by "experts"—the same old trite, abused, and often repeated sermons. I do. Some others must—who are they?

Perhaps after over 20 years in purchasing, I have gained the wrong concepts of our profession. Have I been in purchasing so long that I fail to see the trees for the forest? Am I so old that I refuse to recognize this "new authority," or more importantly, do I refuse to accept new ideas?

The subjects headed "Purchasing's Place in Management"; "Purchasing Agents' Ability to Predict Future Business Conditions"; "Materials Management for Profit"; "Profit Making by Purchasing"; "Authority and Responsibilities of Purchasing"; "Purchasing's Place at the Conference Table"; "Purchasing's Ability to Control Future Price Trends"; "New Demands on the Purchasing Agent"; and so on ad infinitum—have become so repetitive that they are meaningless. There must be other fundamental and equally interesting subjects to hear and read about.

I don't mean these subjects are not worthwhile; that they do not have a place in the over-all program, but aren't they being oversold? Purchasing agents are mindful of the salesman who becomes repetitive, seldom with any new ideas, and oversells his product. Aren't we guilty of the same offense?

We are apt to overweigh the value of these subjects in relation to the fundamentals and forget the principal job in which we are engaged. The basic fundamentals of purchasing still exist and some attention should be devoted to old-time subjects discussed in plain everyday words. The "Principles and Standards of Purchasing Practices" as advocated by the NAPA make pretty good reading and each of the ten principles could be expanded upon for the edification of "old-timers" as well as "newcomers."

Price, quality, delivery, and supplier reliability discussions, not clothed in highfalutin words and phrases, make good subjects. Common sense discussions of integrity, costs of performing the purchasing function, and the selection and training of personnel would be welcome and beneficial.

Let's stop yakking and go back to work! Fulfillment of our basic purchasing function in all its aspects will lead one to management; will obtain higher salaries; gain more recognition; and will establish our rightful position.

Stop telling management how good we are and how important we are to the company. Management isn't blind, nor dumb and is quick to recognize talent wherever it exists and reward it.

The old time fishmonger crying his wares no longer exists.

E. C. Austin
Vice President-Procurement
Fluor Corp., Ltd.

Right insurance policies...

THE BENEFICIARY!



3 for Sylvania
Mercury Vapor Lamps

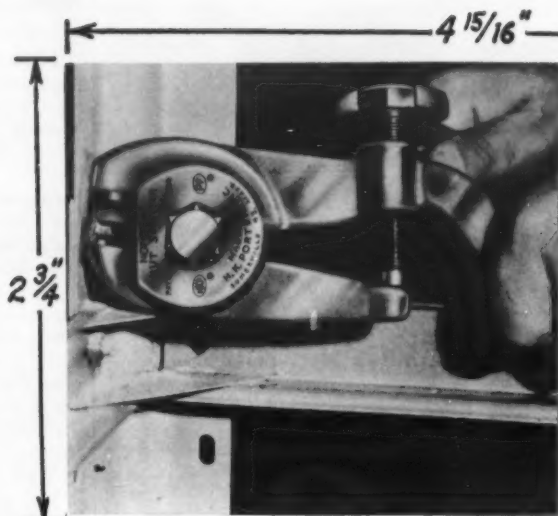


4 for Sylvania
Starters

SYLVANIA

Subsidiary of **GENERAL TELEPHONE & ELECTRONICS**

*Picture
aids
product
recognition*



Fastener Splitter

Cracks Rusty Fasteners

Tool splits frozen or rusty fasteners up to 7/8-in. dia. allowing quick removal without damaging bolt. Swivel blade cuts at any angle, in any position. Jaw, handle, pivot bolt, and screw are heat-treated alloy steel.

Price: \$19.80. Delivery: immediate.

H. K. Porter, Inc., 74 Foley St., Somerville 43, Mass. (PW, 2/1/60)

*Size permits you to paste
on 3x5 card
Copy gives only pertinent
details, cuts your
reading
How much it costs and
how soon you can get it
You'll know when item
appeared*



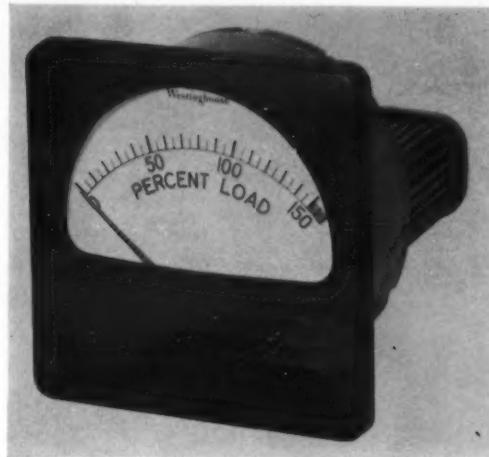
Electric Stapler

Works Automatically

Staples automatically driven in paper, cloth, or plastic bags up to 1/4-in. thick when work touches back gage and switch release. No adjustments necessary for different thicknesses. Machine holds 210 staples and uses 115 vac.

Price: \$94. Delivery: immediate.

Bostitch, Inc., 2012 Briggs Dr., East Greenwich, R. I. (PW, 2/1/60)



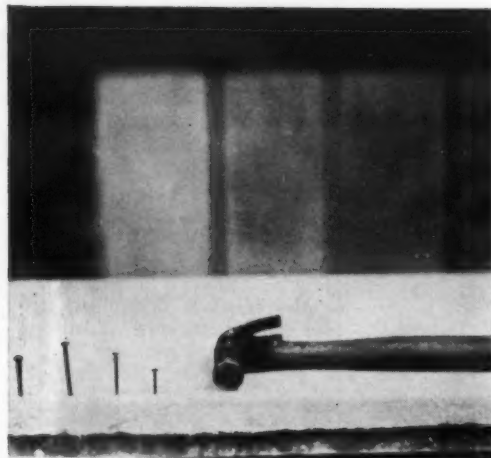
Load Indicator

For Induction Motors

Motor-load indicator, calibrated for 190-280 v or 350-550 v, measures useful or working component of load current. Designed for use on 1 or 3-phase, 50 or 60-cycle induction motor with 5 amp transformer. Device is claimed to give more accurate indication than a-c ammeter at light loads.

Price: \$125. Delivery: 8 wk.

Westinghouse Electric Corp., Box 2278, Pittsburgh, Pa. (PW, 2/1/60)



Asbestos Insulation

Won't Burn

Inorganic insulation, designed for fireproofing structural steel, ovens, ceilings, partitions, etc. Composed of asbestos and other materials, sheets can be worked like wood. Available in sheets up to 4x8 ft in 1 to 3-in. thicknesses.

Price: 48¢ per sq ft. Delivery: 3-6 wk.

Union Asbestos & Rubber Co., 1111 W. Perry St., Bloomington, Ill. (PW, 2/1/60)



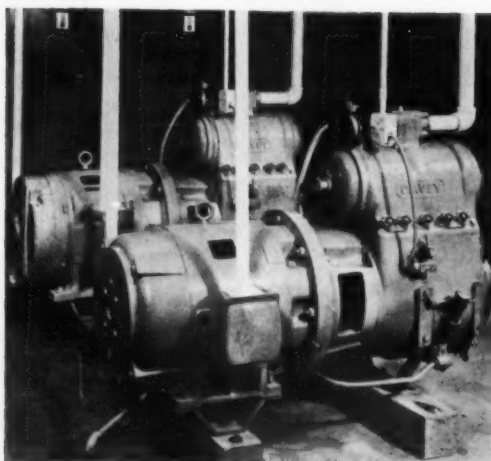
Arc Welder

Portable, A-C Outfit

Portable, 40-lb, a-c arc welder accommodates 1/16 to 1/8-in. electrodes for welding metal 1/4-in. thick. Outfit consists of transformer, two 6-ft cables, helmet, flux, holder, clamp, starting carbon, welding and brazing rods. Arc torch is an accessory.

Price: approx. \$75. Delivery: immediate.

Metal & Thermit Corp., Rahway, N. J. (PW, 2/1/60)



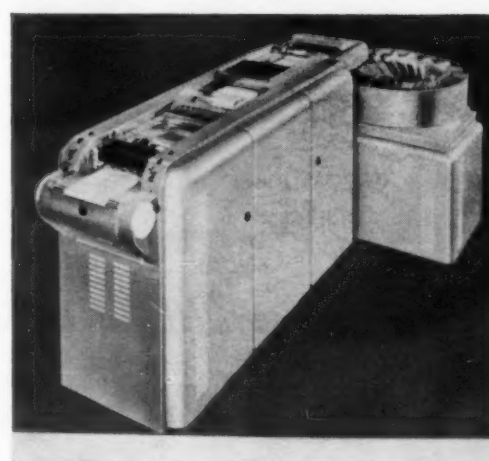
Compressors

Fewer Working Parts

Reciprocating compressors in 100 psi, 20 to 125 hp line, are said to possess 50% fewer working parts than equivalent models. Air or water-cooled units require less space in machinery rooms. Completely enclosed 40-hp model in photo weighs 1,600 lb.

Price: \$600 to \$10,000. Delivery: immediate.

Davey Compressor Co., Myers Ave., Kent, Ohio. (PW, 2/1/60)



Copying Machine

Prints, Cuts, Stacks

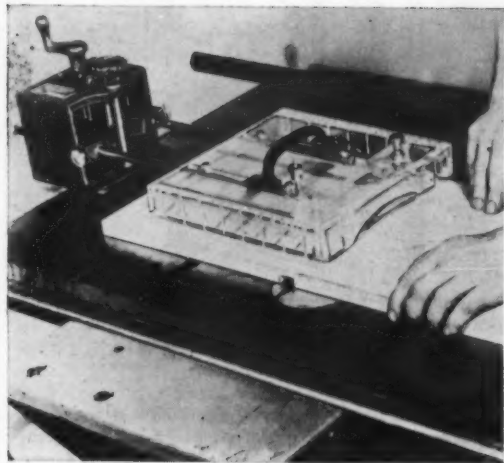
Diazo machine turns out high volume production of letter-size copies. It prints and cuts 1,500 8 1/2 x 11-in. copies per hr from roll of sensitized paper. Operator need only set speed and counter dial. Teamed with collator, copies are assembled in correct sequence.

Price: \$7,500. Delivery: 10 days.

Charles Bruning Co., Mount Prospect, Ill. (PW, 2/1/60)

New Products

Another PURCHASING WEEK service: Price and delivery data with each product description.



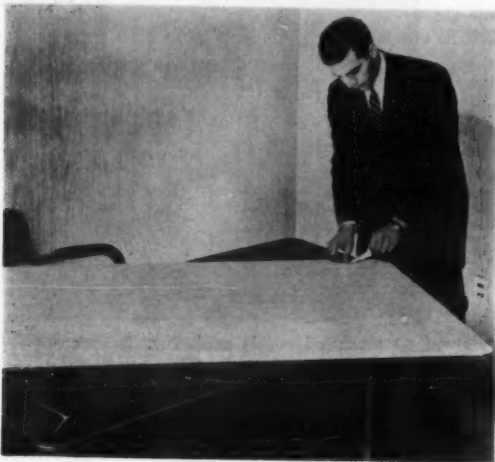
Saw Guard

Protects Operator

Transparent plexiglas shield covers 8 to 16-in. dia. saw. Shatter-resistant guard allows full vision while keeping operator from touching blade. Set in any of 3 operating positions, it resists displacement.

Price: 10-in. saw guard, \$79.50. Delivery: immediate.

Brett-Guard Corp., 456 Nordhoff Place, Englewood, N. J. (PW, 2/1/60)



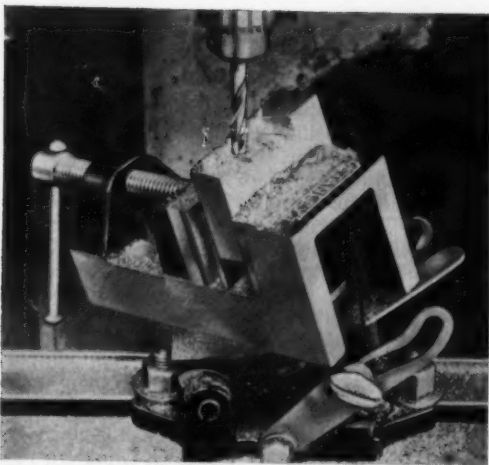
Desk Top

Installed in 5 Min.

Laminated plastic surfacing material (up to 30 x 144 in. or 48 x 120 in.) is applied to any flat surface in less than 5 min without sanding or gluing. Protective coating peels quickly from adhesive backed sheet. It resists scratches, stains.

Price: from \$15. Delivery: approx. 3 wk.

Kenmore Sales Co., Lowell, Mass. (PW, 2/1/60)



Vise

Compound Angle Setups

Swivel-tilt vises set to compound angle for quick and accurate milling, drilling, grinding, and layout checking. Vises have hardened steel face plates, and can be used as ordinary vises when lowered to horizontal position. Jaw width and opening are both 3 in.

Price: \$13.67. Delivery: immediate.

Stanley Works, 195 Lake St., New Britain, Conn. (PW, 2/1/60)

Purchasing Week Definition

Instrument Error

Practical measurements always have some error because of the physical limitations of the measuring device. An understanding of instrument error is important because measurements affect process control, hence, product quality.

Accuracy—This is the closeness—expressed in per cent—with which the instrument reading approaches the true value of the variable being measured. For example, if a 100-lb object tips the scale at 99.9 lb the scale's accuracy is 0.1%.

Precision—Percentage which tells you how much successive readings of a fixed variable differ. If instrument registers a weight as 100 lb the first time and 97 lb the second time, it has a precision of 97%.

Resolution—This refers to the smallest change in measured value to which an instrument will respond. Thermometer could have a resolution to the nearest 1/2 deg, electronic timer can measure to one-millionth of sec. (PW 2/1/60)

This Week's

Product Perspective

FEBRUARY 1-7

• With the spring show season only a few weeks away P.A.'s may be able to save themselves a lot of searching around for items of equipment by attending exhibits that touch on their areas of interest. One of the advantages of such shows is that many of the displays are manned by star salesmen, who are pretty sure to have all the information a P.A. wants at his fingertips.

Here are some of the shows that will be coming up:

• **Office Equipment**—**National Office Furniture Assn.**, Atlantic City, March 11-13—display of the latest in office furnishings. **National Business Show**, New York, Oct. 24-28—if show follows this year's trend it will lean heavily on copying machines, duplicating equipment, materials, and supplies with tags under \$500. **The National Business Equipment Exp.**, Los Angeles, Nov. 1-4.—business machines, data processing equipment, office supplies. This show will operate on a regional basis, shifting locations each year. Tentative plans call for New York in '61 and Detroit the following year.

• **Material Handling**—More P.A.'s will have a chance to see material handling equipment in action through the Material Handling Institute's new regional program. Coming up: **New England Show**, Boston, June 6-8; **Central States Show**, Louisville, Ky., Nov. 8-10; **Pacific Coast Show**, Feb. 22-24 ('61); and **Eastern States Show**, May 9-11 ('61).—companies will be showing their latest in industrial trucks, conveyors, cranes, etc.

• **Packaging**—**National Packaging Exposition**, Atlantic City, April 4-7.—sponsored by the American Management Assn. Space for this show has been sold out for months. The lineup of exhibitors is as follows: 142 equipment makers, 138 material suppliers, 67 container manufacturers, and 33 service organizations and associations. Conference sessions will focus on "packaging for profit."

• **Machine tools**—the **National Machine Tool Builders Assn. show**, Sept. 6-16, Chicago. This show is held once every five years, and every company in the field goes all out for this big one. They have been waiting for the exhibit to bring out their new lines, and every arena in the Chicago area will be bulging with machinery.

• **Castings**—Phila., May 9-13—large crop of new production and processing developments for the foundry. Wm. Maloney, general manager of the American Foundrymen's Society says that "an unusually high percentage of the exhibitors will give products a first airing at the show."

• **Metals**—**National Metals Show**, Phila., Oct. 17-21—exhibit of metal working equipment such as cut-off tools, lubricants, heat-treating ovens, alloys, testing equipment, cleaning apparatus, etc. American Metals Society is planning a "steel arena" which will be reserved for special steel company exhibits.

• **Atomic Energy**—**Atomic Exposition**, New York, April 4-7—exhibit and conference on latest industrial developments in nuclear energy. Exhibits feature reactor components, radiation shielding materials, and instrumentation.

• **Materials and Components**—**Design Engineering Show**, New York, May 23-26—comprehensive and fairly technical exhibit of "inside workings" of products. Perfect place to find material to do that certain job in the plant and to assess trends in product design.

• **Electronics**—**Institute of Radio Engineers**, New York, March 21-24—latest wares in the electronics world. Leans heavily towards components, resistors, condensers, power supplies, etc. Also features manufacturing methods for assembling electronic equipment, printed circuit boards; testing equipment will be much in evidence.

• **World Trade**—**4th U. S. World Trade Fair**, New York, May 4-14—heavily consumer oriented, but some countries will be showing industrial equipment and raw materials. **British Exhibition**, New York, June 10-26. Most comprehensive display of British industrial and consumer goods, science and technology ever to be shown in the U. S.

• In addition to these product-oriented exhibits, there is the supplier-oriented **Inform-A-Show** at the **NAPA convention** in Los Angeles in May. This show always offers a good opportunity to talk to suppliers first-hand. Exhibits will stress the full product line and service—don't expect any new products to be introduced.

Your Guide to New Products

(Continued from page 17)



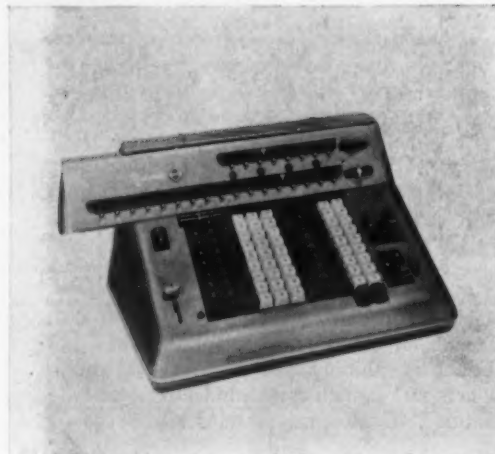
Drill Press

Range of Speeds

A 15-in. drill press has preloaded bearings, one-piece head, and 2-in. dia. quill for more rigidity and longer life. 40 models offer range of 470 to 4,600 rpm with choice of 4 speeds in each. All have hand feed mechanism and quick-change belt guard.

Price: \$144.50 to \$186.50 (without motor). Delivery: 1 wk.

Rockwell Mfg. Co., Dept. 1010, 400 N. Lexington Ave., Pittsburgh 8, Pa. (PW, 2/1/60)



Calculator

Holds Numbers

Automatic transfer mechanism lets operator work out problem containing "mixed" series of functions without any resetting. Memory section holds figures until needed. Keyboard lock turns calculator into simple adding machine.

Price: \$895. Delivery: immediate to 60 days.

Continental Office Machines, Inc., 500 Fifth Ave., N. Y. 36, N. Y. (PW, 2/1/60)



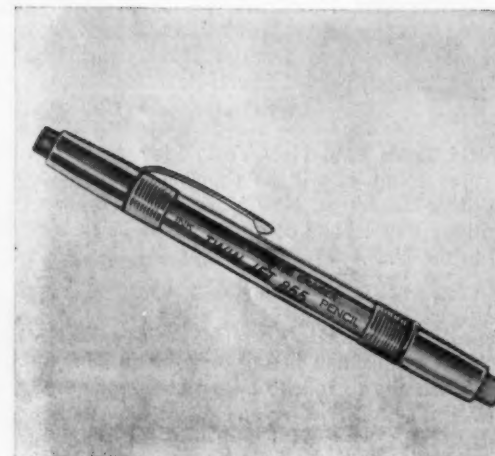
Ladder

Gives Firm Footing

Aluminum safety platform of ladder has abrasive surface which provides sure footing, even when wet or greasy. Platform is made of knurled aluminum structural section.

Price: \$36.75 to \$60, depending on length. Delivery: immediate.

Louisville Ladder Co., 1101 W. Oak St., Louisville 10, Ky. (PW, 2/1/60)



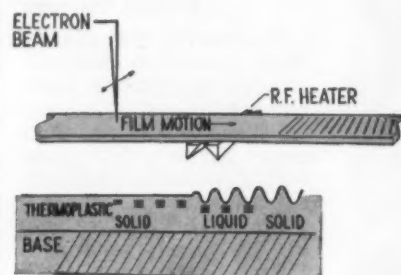
Eraser

For Pencil, Ink

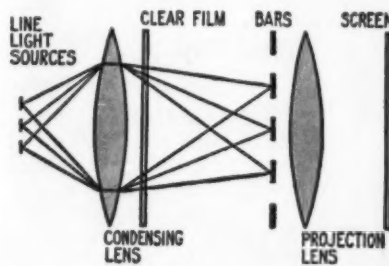
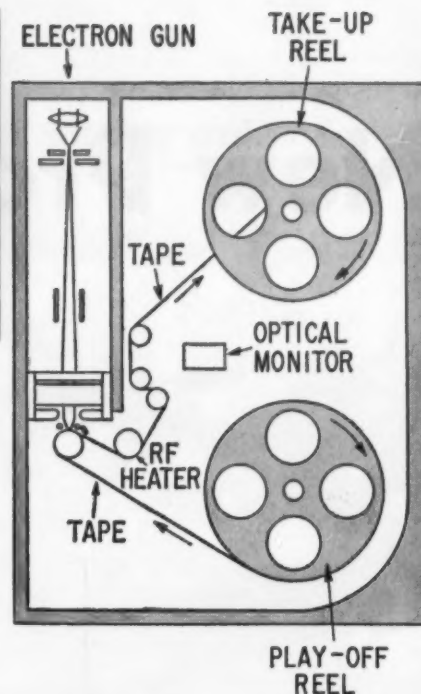
Clear plastic holder contains two erasers, inserted end-to-end—one for pencil, the other for ink. Each eraser is over 2-in. long and the entire unit is about the size of a ball point pen. The erasers will not tear or smudge the paper.

Price: Approx. 30¢. Delivery: immediate.

Weldon Roberts Rubber Co., 365 Sixth Ave., Newark 7, N. J. (PW, 2/1/60)



HOW IT RECORDS. Electron gun scans tape as it whizzes by, magnetizing a series of spots corresponding to light and dark areas of original. Tape passes RF heater which melts upper thermoplastic layer. Magnetized spots depress slightly as they melt, forming a duplicate of original image in wrinkle-like lines on the tape (top-left photo).



HOW IT PLAYS BACK. Films can be viewed on modified movie projector. It uses special line light source and set of bars in front of projection lens. Wrinkles at any point on tape will scatter through bar system and appear as light and dark areas on screen.



New Tape Recording System Promises Central Storage of Plant Paperwork

Schenectady—General Electric's new thermoplastic recording (TPR) combines the processing speed and versatility of magnetic tape with the storage capacity of photography.

Although the most immediate use for the revolutionary technique is expected in television recording, potential applications seem limitless. TPR is expected to reach into all areas of information storage and retrieval—including the plant filing system.

The process electronically records any image on a plastic tape—as shown in the top photo, this image can then be photographically reproduced on a modified movie projector. The image can also be changed back to electronic impulses and sent over wires to a distant point. This opens the possibility of storing all information needed for a plant in one central recording unit. A person at a remote viewing station could press a button and have the desired information displayed on a screen by his side.

TPR attacks the problem of storage space head-on. It can concentrate nearly 100 times more information in a given space than magnetic recording. In principle, it can record all 24 volumes of the Encyclopedia Britannica on a reel the size of a spool of thread.

The process will reproduce pictures in either color or black and white. The tape requires no chemical processing after recording, and it may be erased and reused as desired. It is cheaper and easier to edit than magnetic tape.

Thermoplastic recording is still in the developmental stage, and GE claims that "considerable work" must be done on the process before any equipment will be ready for commercial markets.

The recording is made in the form of tiny rippling lines on the surface of the plastic tape. The ripples are formed by the action of an electron beam somewhat similar to the one in a television camera. The tape is made of a high-melting point plastic base covered with a thin coating of a thermoplastic material that will melt at a comparatively low temperature.

The electron beam magnetically charges the tape surface in a pattern resembling the original image. The film is then heated by a coil in the recorder to soften the top thermoplastic layer. The layer melts, and each point which has been magnetized by the beam depresses slightly as it melts. This forms a copy of the original picture on the tape—in the form of depressed wrinkles.

The film must be handled in a vacuum since the electron gun cannot work in the atmosphere. GE claims that this factor isn't a major problem, and it takes only one minute to pump the machine down to the required pressure level.

Ampex Corp., leading TV tape recorder producer, has also been experimenting with thermoplastic film. Ampex president George Long stated that "when any of these processes become operationally practical . . . Ampex will be among the first companies to offer equipment using the process."

Buying Smarter in Graphic Arts

By Standardizing, Rating Vendors, Setting Up Unit Prices, This P.A. Cut His Costs \$60,000

By John M. Holmes

Manager, Plant Facilities—Graphic Arts Purchasing
General Electric Co., Missile and Space Vehicle Dept., Philadelphia

Are you troubled with these printing buying problems?

1. Lack of know-how about graphic arts processes.
2. Seemingly impossible printing delivery schedules.
3. Pressure from departments requesting printing to place sole-source orders.
4. High cost of time and materials contracts.

Here at General Electric's Missile and Space Vehicle Department (M&SVD) in Philadelphia, we found that the answer to our graphic arts buying problems lay in "unit price contracts"—an arrangement that provides GE with a standing fixed-price bid from the vendor for a wide range of graphic arts products and services.

Backing the missile effort at GE are thousands of dollars worth of engineering manuals, service manuals, reports, tabular data reprints, equations, and graphs. But the printing is much the same as any P.A. might buy to support the training program of a sales force, get the latest facts to field engineers, or just keep up with the needs of management for newsletters and memorandums.

At M&SVD in Philadelphia, we found that we could buy 30% of our printing needs on a unit price basis. And, we hope to extend the concept further so that we can bring an increasing number of graphic arts supplies under unit price contracts.

Before we could use the unit price contract, however, we had to put our needs in "unit" or building block form. First, we developed standard forms to enable us to tell the Graphic Arts Buyer what we wanted in tabular form. Then we made up a list of printers and typographers who could meet our standards, and got bid schedules from them so that our buyer could quickly and easily pick out the best vendor for our purposes.

Has the program been successful? Management thinks it has. We've been awarded a \$60,000 cost improvement under GE's Cost Reduction Program for the first six months of the unit contract's operation. And there's another measure of success, too. We've been able to sell the idea not only to management, but to the Graphic Arts Department, engineering, and others.

Before we resorted to unit price contracts, our usual practice was to solicit quotations from a number of printers of proven

ability, then award the job on the basis of price. The quotation method is undoubtedly the most economical, but when normal procurement cycles aren't available, it takes too much time.

The usual alternate is to award the job on a time-and-materials basis. For some jobs, this is the best way, especially where creative work is involved as in a beautifully designed and printed art lithograph. It's difficult to set up a "yardstick" or "rule of thumb" for measuring this kind of work in terms of price.

Time and materials is the most expensive procurement technique of all and it shouldn't be used when the product is tangible, repetitive, or mechanical in nature. It's much like leaving the meter on a taxi running. The longer the printer can take on a job, the more profit he makes. Though you may plan eventually to review the reasonableness of all time charges, tomorrow they may seem high to you—but perfectly realistic to the printer.

At GE, we knew that any new contracting technique would have to speed up the procurement of non-creative printing without inflating the overhead of the purchasing operation. That meant that there could be no additions to the purchasing staff to supply the printing knowledge we lacked.

We decided that unit price contracts offered the best means of achieving our ends. Unit prices are pre-determined, pre-approved charges for certain categories of work in varying time cycles. When used as a contracting method, the P.A. and the supplier have a common denominator to use in estimating and billing specific jobs. Now, they can set up complex pricing schedules, by delivery times, for specific types of

printing and graphic arts services.

Here's how we set up our system: Standardization was the first step. We examined the major job elements and decided that we could standardize our printing processes, quantities, paper sizes, and hot and cold composition.

The Purchasing Department circulated two questionnaires to the departments that request printing. One asked for their reactions to suggested standards for printing which Purchasing wanted to use for unit contracting. These standards included detailed breakdowns on hot and cold composition, size and weight on paper and cover stock, and inks. The other questionnaire asked each department to recommend printers and typographers.

Purchasing compiled and cross-checked the returns from each department. Meetings were held with those whose requirements were outside the standards. The result was a uniform list of printing and composition standards, which could be used by all departments. At the same time, a list of vendors was compiled from the suggestions.

A team, made up of people from various departments and led by our Graphic Arts Buyer, visited suppliers and performed a facility survey. When all the results were in, Purchasing analyzed the team's comments after reviewing the information shown on vendor equipment lists that had been obtained previously. Vendors who were unsuitable, were eliminated, and from the remainder we drew up a list of competent suppliers in three groups — hot compositors, cold compositors, and printers.

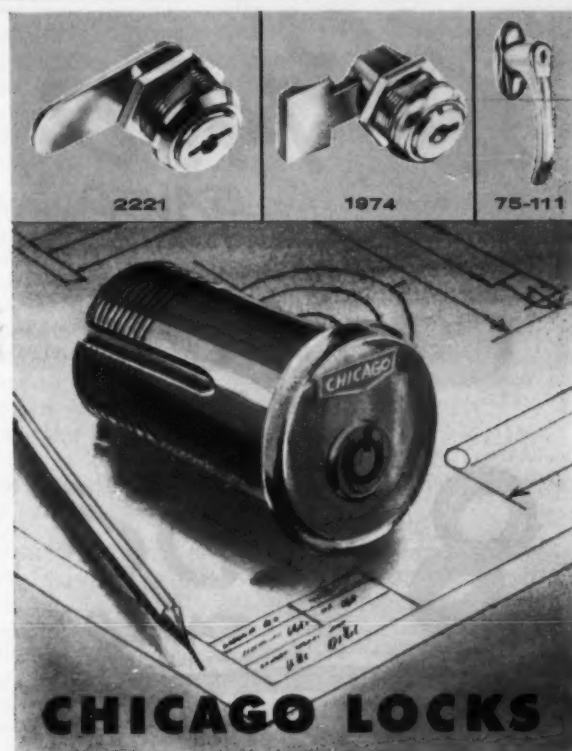
Meetings were held with vendors to explain in detail the objectives of the unit price program. After explaining the new blanket agreement, each supplier was asked to prepare price schedules in accordance with M&SVD's standard elements.

When these price schedules were returned, they constituted firm bids from each vendor. After analyzing them we found that normal bid-type comparison



MAN WITH A SYSTEM is Graphic Arts Purchasing Manager John M. Holmes of GE's Missile and Space Vehicle Dept. He's found a better way to buy everything from engineering manuals to complex equation printing.

would be impossible, because there was no straight-line relationship between price, quantity and time with each vendor, or between vendors. For example, one printer might be the lowest bidder for 100 copies printed for delivery in three days, but third or fourth highest for the same quantity over seven-day delivery.



Maximum Security at a Price You Can Afford

Every model in Chicago Lock's extensive line offers sure protection at reasonable cost. Every model is a marvel of precision engineering, compact design and rugged reliability.

They're handsomely styled, too and they operate smoothly under virtually all conditions. No wonder more and more design engineers specify Chicago Locks for an amazing variety of applications.

If your next project calls for a lock, investigate the Chicago line. You'll find a model that's perfect for your purpose and priced to keep costs down.



Chicago Lock's famous ACE line features the exclusive ROUND keyway for maximum security.

Write today for your catalog showing, in detail, the entire Chicago Lock line.

CHICAGO LOCK CO.
2056 North Racine Avenue • Chicago 14, Illinois

the finest
COATED FABRIC
WORK GLOVE
in the world



SURETY SILVERTEX

To handle those hot, tough jobs nothing equals Surety Silvertex Gloves for longer wear and lower cost. Superior Silvertex coating reflects heat and affords better protection against most industrial chemicals than rubber and standard synthetics. Their curved finger design and wing thumb construction cuts wear and gives greater comfort. And they won't crack or peel—remaining soft and pliable for the life of the glove.

Available in gauntlet, knit wrist, band top and safety cuff styles, all in jumbo sizes and with or without ventilated backs. For a free test pair write on your letterhead, outlining your job requirements. We'll send them to you by return mail.

THE **SURETY** RUBBER CO.
CARROLLTON, OHIO

In Canada: Safety Supply Co., Toronto

SEARCHLIGHT SECTION

CLASSIFIED ADVERTISING
BUSINESS OPPORTUNITIES
EQUIPMENT—USED or RESALE



RELAYING • NEW RAILS
TRACK MATERIALS

MIDWEST STEEL CORP.
614 DRYDEN STREET
CHARLESTON 21, W. VA.

SURPLUS INVENTORIES . . .

One quick and economical way to sell your surplus inventories is to advertise them in the ONLY NATIONAL WEEKLY PURCHASING NEWSPAPER . . . PURCHASING WEEK.

PURCHASING WEEK reaches the 25,000 key purchasing executives . . . the men that have the authority to say "yes."

For quick economical results . . . advertise your surplus inventories in PURCHASING WEEK . . . at the low, low, rate of \$12.00 per advertising inch.

For contract rates or information, contact your advertising agency or write:

PURCHASING WEEK
CLASSIFIED ADVERTISING DIVISION
Post Office Box 12 New York 36, N. Y.

Profitable Reading for P.A.'s...

New Books

Statistical Forecasting for Inventory Control—by Robert G. Brown. Published by McGraw-Hill Publishing Co., Inc., 330 W. 42nd St., New York 36, N. Y., 249 pages. Price: \$7.75.

This book tells you how to design an efficient inventory control system by using routine short-range forecasting techniques. It gives suggestions for adapting a general system to the specific needs of your company.

Author Brown gives you a practical method for computing the average rate of demand and the maximum reasonable demand during a lead time. The basic functions of inventories and the different policies and costs which effect them are fully covered. The book shows how these elements relate to one another, how they can be used effectively, and how they are balanced to arrive at a

sound company inventory policy. The beginning of each chapter develops the concepts in non-technical, easy-to-understand language—yet with enough mathematical detail to satisfy the industrial engineer.

Moving averages, exponential smoothing, and averages with optimum weights are developed with attention given to adaptation of secular trends, abrupt changes in the market, and to seasonal patterns.

New Films

Free Pictures Available

Catalog lists free-loan films available from a variety of companies. Subject of 16 mm-sound films include research, modern steelmaking, plastics, diecasting, forging and grinding techniques, new products, advanced industrial processes, and cost-saving

techniques. Copies of the catalog can be obtained from *Modern Talking Picture Service*, 3 East 54th St., New York 22, N. Y.

From the Manufacturers

Metering Pumps

Describes company's line of Series 200, heavy-duty metering pumps. Information given includes features, arrangements, operation, and dimensions. Also contains chart which gives capacity-pressure selection data. Catalog 420.200 (11 pages). *Wallace & Tiernan, Inc.*, Belleville 9, N. J.

Organic Chemicals

1960 edition discusses physical properties, applications, and shipping data of more than 400 synthetic organic chemicals. Included are acids, alcohols, esters, polyethylene glycols, nitrogen compounds, lubricants and metallic salts. Featured is section on new chemicals for evaluation. (28 pages). *Union Carbide Chemicals Co.*, 30 East 42nd St., New York 17, N. Y.

Copper-Plated Steel Wire

Gives data on company's copper-plated steel wire (Copperply), including use for bare and insulated communications wire, overhead ground wire, hose reinforcement, drop wire, and electronic applications. Lists specifications for gage tolerance, scope and grade elongation, torsion, resistivity, and others. Copperply is

available in weld-free lengths to 1,000 lb. Bulletin 203 (7 pages). *National-Standard Co.*, Niles, Mich.

Overhead Handling Equipment

Discusses company's line of hoist products for loads from ¼-ton through 60-tons. Includes hoists, hand chain, I-beam trolleys, packaged cranes, chain and rope-type wall winches. Catalog R (11 pages). *Harrington Co.*, Plymouth Meeting, Pa.

Mechanical Fasteners

Describes complete line of mechanical fasteners and special cold headed parts being marketed by new division of Townsend Co. Helps customers select the most advantageous fasteners for specific applications. Products include lockbolts, blind rivets, installation tools, clevis pins. (12 pages). *Engineered Fasteners Div.*, Box 71-Z, Ellwood City, Pa.

Translucent Panels

1960 catalog discusses company's complete line of translucent building panels, window walls, and curtain wall system. Features colored panels. (7 pages). *Panel Structures, Inc.*, 45 Greenwood Ave., East Orange, N. J.

Plastic Decals

Describes Goodren's line of self-sticking plastic decals. Specifications given include size range, color, durability, quantity, and advantages. Decals are individually designed and may be used

for product labels, premium inserts, and counter displays. *Goodren Products Corp.*, 101 West Forest Ave., Englewood, N. J.

Corrosion-Resistant Drainline


Gives information on company's lifetime drainline system for disposal of corrosive wastes. System of tempered glass piping features a one-piece coupling designed to make a permanent compression joint. Contains property data, available fittings list, schematic drawings, etc. Bulletin PE-30 (12 pages). *Technical Products Div.*, Corning Glass Works, Corning, N. Y.


Valves


Features 24-page valve selector and describes company's complete line of steel, iron, bronze, and PVC valves. Valves are grouped according to pressure classification, to speed search for special specifications, reference data, and code requirements. Also gives information on lubricating devices, boiler mountings, and cocks. Catalog '60 (500 pages). *Lunkenheimer Co.*, Cincinnati, Ohio.

Cleaning Abrasives

Describes latest metallurgical developments in production of steel shot. Covers methods of quality control used to test shipments of steel abrasive for consistency of chemistry, hardness, microstructure and size, plus information on selection of steel blast cleaning abrasives. Booklet #2294 (20 pages). *Pangborn Corp.*, Hagerstown, Md.

 \$1400
SAVED

 \$600
SAVED

 \$800
SAVED

\$2,800

SAVED ON RUBBER MOLDS & DIES

**specifying
Atlantic India...
really adds up!**

Yes, Atlantic's collection of rubber molds and dies often supplies just the one you need. You save the expense of making new molds and dies, and at the same time deal with one of the oldest and most reliable manufacturers of rubber products.

Your special problems are in good hands at Atlantic India, too! Our engineers and laboratory technicians are well qualified to help you develop special compounds, molds, and manufacturing economies for your long production runs.

Join our mailing list. If you or others in your company would like to receive our literature or catalog 52, write today.

Atlantic India Rubber Wks., Inc.

Producers of the **AIRWIN** line of Rubber Products

573 West Polk St., Chicago 7, Illinois

Meetings You May Want to Attend

First Listing

5th National Electric Industries Show—Coliseum, New York, March 6-9.

Institute of Radio Engineers—National Convention, Coliseum and Waldorf-Astoria Hotel, New York, March 21-24.

Biennial Electrical Industry Show—Lighting Exposition and Conference, Shrine Exposition Hall, Los Angeles, March 23-26.

6th Nuclear Congress—Conference and Exposition, Coliseum, New York, April 3-8.

American Management Association—29th National Packaging Exposition, Convention Hall, Atlantic City, April 4-7.

American Society of Lubrication Engineers—Annual Meeting and Exhibit, Netherland-Hilton Hotel, Cincinnati, Ohio, April 19-21.

4th District Conference, NAPA—Kellogg Center, East Lansing, Mich., April 21-22.

American Society of Tool Engineers—Tool Show, Detroit Artillery Armory, Detroit, Mich., April 21-28.

Triple Industrial Supply Convention—Conrad Hilton Hotel, Chicago, May 23-25.

American Society for Metals—Southwestern Metal Exposition and Congress, State Fair Park, Dallas, Tex., May 9-13.

American Textile Machinery Exposition—The Auditorium, Atlantic City, N. J., May 23-27.

25th Annual International Distribution Congress & Business Aids Show

—Statler Hilton Hotel, Buffalo, N. Y., May 15-18.

Previously Listed

FEBRUARY

National Association of Purchasing Agents—Public Utility Buyers Group. Mid-Winter Meeting, Atlanta-Biltmore Hotel, Atlanta, Ga., Jan. 31-Feb. 5.

Southwest Heating and Air Conditioning Exposition—Memorial Auditorium, Dallas, Tex., Feb. 1-4.

Instrument Society of America—Instrument-Automation Conference & Exhibit, Houston Coliseum, Houston, Tex., Feb. 1-5.

Chemical Buyers' Group, NAPA—Mid-Winter Conference, Eastern Division, Hotel Commodore, New York, Feb. 3-4.

Purchasing Agents Association of Alabama—13th Annual Seller-Buyer Dinner, Birmingham Municipal Auditorium, Birmingham, Ala., Feb. 11.

Wisconsin Petroleum Association—34th Annual Convention & Exhibit, Schroeder Hotel, Milwaukee, Feb. 24-25.

MARCH

American Society of Mechanical Engineers—Gas Turbine Power Conference & Exhibit, Rice Hotel, Houston, Tex., March 6-9.

Illinois Petroleum Marketers Association—Products and Equipment Show, Morrison Hotel, Chicago, March 8-9.

Institution Feed and Supply Show—Trade Show Building, New York, March 21-24.

Greater New York Safety Council—30th Annual Safety Convention and Exposition, Hotel Statler-Hilton, New York, March 28-April 1.

APRIL

23rd National Oil Heat and Air Conditioning Exposition—Coliseum, New York, April 4-7.

Purchasing Agents Association of Indianapolis—Indiana Industrial Show, Manufacturers Building, State Fair Grounds, Indianapolis, April 6-8.

American Welding Society—Annual Meeting & Welding Exposition, Hotel Biltmore, Los Angeles, April 25-29.

MAY

National Association of Purchasing Agents—45th Annual Convention and Inform-A-Show, Biltmore Hotel, Los Angeles, May 22-25.

JUNE

Canadian Association of Purchasing Agents—35th Annual Conference, Sheraton-Cadillac Hotel, Detroit, June 2-3.

List Your Meetings

Associations, societies, and committees interested in calling the attention of readers of *Purchasing Week* to their meetings are welcome to use this column. The gathering should be one of interest to purchasing agents. There is no charge.

Send announcements to: *Meetings Calendar, Purchasing Week*, 330 West 42nd Street, New York 36, N. Y.

Aluminum Pursues Electric Equipment Sales

Pittsburgh—Aluminum producers are pushing hard to capture the major portion of the electrical equipment market in the sixties.

Commenting on these plans Alcoa board chairman, I. W. Wilson, last week told **PURCHASING WEEK**: "I am confident that within the next decade the electrical industry will be consuming a billion pounds of aluminum each year."

Wilson and other industry leaders pointed to these major gains in the fight to edge steel

and copper out of the electrical equipment field:

• **Transmission towers.** Four major utilities—in Philadelphia, Chicago, Newark, N. J., and Portland, Ore.—are putting up Alcoa all-aluminum towers for high-voltage electric power transmission lines.

• **Power plants and sub-stations.** Reynolds and Alcoa are now constructing plants and sub-stations, using aluminum as both a structural and conductor material.

• **Distribution transformers.** A

25 kva aluminum transformer, built by Alcoa and Moloney Electric Co., St. Louis, is now on exhibit in New York at the American Institute of Electrical Engineers meeting. Except for core and insulation, the experimental unit uses the lightweight metal throughout, including aluminum foil around the coil.

• **Electrical coils.** Both Reynolds and Alcoa are pushing their sales of aluminum strip conductor to coil manufacturers. Reynolds, currently on a big drive in the automotive field, has one order for a million coils for Spartan horns.

• **Wire and cable.** Alcoa, which last year purchased the Rome Cable Corp., a maker of heavy-duty cables, has just acquired Rea Magnet Wire Co., Inc., here, and intends to continue introduction of aluminum as a conductor in both companies' products.

In addition to these giant inroads, Alcoa and other producers are now engaged in huge research projects with General Electric and Westinghouse.

First fruit of the three-year Westinghouse program is "the world's largest silicon rectifier" made of aluminum which has just been installed at Alcoa's Badin, N. C., smelting works. The new unit permits production of "up to 4% more primary aluminum per unit of electricity and promises major advantages to the electrochemical industry, including chlorine production, copper refining, and zinc and magnesium production."

Now Pittsburgh, Buffalo Follow St. Louis' Lead In Slashing Steel Tags

(Continued from page 1)
a warehouse subsidiary of U. S. Steel Corp., in St. Louis (PW, Jan. 21, '60, p. 1).

While Ryerson admitted it would "remain competitive" in St. Louis, a spokesman here denied flatly that the Pittsburgh and Buffalo moves were "in any way related to the St. Louis story."

The price revisions here, he said, were the result of the company's "continuing cost analysis," which led to similar revisions last May, when Ryerson set premium prices for all small quantities.

Under last May's price structure, buyers had to pay premium prices (as much as \$14.70/100 lb for hot rolled bars) for all items ordered in small quantities, regardless of the total purchase. Last week's revisions, however, allow quantity discounts on all orders with a total weight of 400 lb or more.

Ryerson's Pittsburgh manager, R. D. Beck, told **PURCHASING WEEK** the price reductions were "a change in quantity differentials on heavy line products."

He said it would amount to a \$1 price cut "across the board" for Ryerson's regular customers and even more for the small customer who until now had been splitting his orders among several service centers.

While Beck denied any knowledge of company plans in other areas, a spokesman at Ryerson's Cleveland warehouse admitted "we are studying the possibilities of a similar move" there.

Deere dealer organization and will be limited to the company's industrial and commercial customers.

Deere said customers who qualify will make arrangements for the purchase of the goods by Boothe Leasing Corp., which will lease them for three to five year periods. The dealer will continue to carry out normal service and warranty operations.

Industrial tractors have been one of the most rapidly expanding phases of Deere's operation since their introduction in the mid-1950's. The company last year recorded \$48 million in industrial sales, an 82% increase over 1958.

The company says the leasing plan will provide John Deere dealers with a new sales tool. This supplements the John Deere credit plan under which a customer purchases equipment outright on time payments. The normal Deere-dealer and dealer-customer relationships will not be changed under the leasing plan.

Jones & Lamson Approach

Jones & Lamson said it will include in what it calls a "one-package lease plan" other machinery made by other companies required to replace obsolete equipment or expand production facilities.

The company has put the leasing cost at \$20.50 a month for each \$1,000 worth of equipment, which works out over a five-year period at 23% more than outright purchase would cost.

However, the Jones & Lamson spokesman added, purchase would require a 25% down payment, and the buyer, owning the machine, would be hard put to dispose of it to take advantage of technological changes.

While a number of machine tool makers have leasing plans of their own, many contacted in Cleveland and Boston admitted they were not pushing leasing—and several said they were definitely against the idea. "We're in business to sell our equipment," declared one firm.

A spokesman for National Acme in Cleveland said his company has its own "tailor-made" leasing plan. He pointed out, however, that the company "will bend it" to suit the customer's needs.

A sales manager at Motch & Merryweather, also of Cleveland, commenting on the Jones & Lamson plan, told **PURCHASING WEEK**: "Leases only go to triple A-1 credit risks and those who have cash to make down payments."

Hertz, Deere & Co., Jones & Lamson All Push Growing Trend of Leasing

(Continued from page 1)
Leasing Corp., San Francisco, one of the largest U. S. firms specializing in the leasing of industrial equipment and business machines.

• **Jones & Lamson Machine Co.,** Springfield, Vt., has established a unique leasing plan for its machine tools that eliminates down payments, and security deposits, and calls for monthly payments to start 30 days after shipment. The plan has stirred up considerable controversy throughout the machine tool industry.

The enlarged Hertz program also emphasizes leasing of equipment associated with cars and trucks, such as over-the-road trailers, mobile fork lifts, bulldozers, interchangeable containers, and aircraft equipment.

"Equipment leasing is a natural extension of Hertz service," says Walter L. Jacobs, president of the firm. "Our organization now can provide a combination leasing service of both equipment and vehicles, thus supplying the two vital needs of most businesses."

"We also feel that this new service will be a valuable and welcome supplement to the Hertz service now offered to its present and potential vehicle lease customers," he added.

Hertz' expanded leasing operations will be handled through a newly formed, wholly owned subsidiary, Hertz Equipment Leasing Corp., headquartered at 125 N. Wabash, Chicago.

Here's how the Hertz plan will work:

1. A customer can select whatever equipment needed from a supplier of his choice at a price agreed upon by him and the supplier. Hertz then buys the equipment, which is delivered directly to the customer.

2. The customer will receive benefit of manufacturer guarantees, warranties, or service policies. Hertz will bill the customer monthly, quarterly, or annually, in accordance with the terms of the lease agreement.

3. The company said it will also purchase and lease back equipment presently owned by a customer who wishes to convert it into working capital.

A typical example of its leasing operations, a Hertz official said, would provide for lease of a piece of equipment for three years, at 3.2% of the original cost per month. At the end of the 36 months, the customer would have the option to renew the lease at 5% per year.

The leasing program of Deere & Co. will operate through the John

This Week's

Purchasing Perspective

FEB. 1-7

(Continued from page 1)

customers' inventory comfort), fear of price pressures, and tight money—all are combining to keep purchasing agents inventory-cautious.

• White House economic advisers have been pulling for just this sort of inventory reaction. They want a moderate inventory buildup, hoping a steady demand for industrial products will continue throughout the year—without the oft-predicted second-half drop-off.

• If inventory buying continues at a slow but even pace, and if procurement of plant and equipment and consumer-buying avoid sharp drops, White House economic advisers believe the economy will ride evenly and stretch out the "boom."

• **Durable goods inventory figures are getting the closest scrutiny.** Durables are the really volatile element whereas soft goods inventories have remained relatively stable. So it's how fast durable goods inventory levels move that holds the key.

FORECASTS—U. S. Steel's Roger Blough said last week his order-takers expect customers to have refilled steel pipelines by midyear with up to 20% of shipments going into inventories. But a leading Midwestern producer, already noting an "easing of the pressure," says he thinks "most customers will have adequate steel inventories by April." He estimates only 5% to 10% of current production is going into inventory rebuilding, the rest into current production.

MAINTENANCE TIPS—Brown-Forman Industries, Louisville, Ky., stresses up-from-the-ranks promotions and clear communications channels to foster better purchasing-maintenance relations. Purchasing Agent J. S. Ice sends a purchasing representative to weekly engineering meetings to "recap progress on engineering and maintenance jobs and report on plans for future work." Thus, says Ice, "if we know a re-motoring job is coming up on one of our mixers, then we can look into motors in advance and have information ready."

At General Electric's Missile and Space Vehicle Dept., purchasing builds closer ties with new maintenance supervisors by "just calling them up and talking over one job at a time . . . this builds confidence bit by bit."

PERSONAL—An 8-mm home movie camera with sound. Fairchild Camera says it will have one on the market by April, retailing for \$239.50. Home movie-makers previously had choice of only 16-mm sound film units, ranging upward from \$700. Fairchild unit weighs only 4½-lb; sound is picked up via camera-wired mike onto magnetic tape and synchronized with picture by a magnetic strip in the film.

17 Companies Get Slapped with Fines

(Continued from page 1)
the less prosperous producers out of business, declared:

"These corporations have broken the antitrust laws of the United States and if they cannot survive without breaking the law, let them die."

Hardest hit were Allied Chemical Corp., New York, and Trimount Bituminous Products Co., Everett, Mass., both named in each of the three indictments. Each was fined a total of \$105,000.

Also named in the three indictments was H. H. McGuire & Co., Inc., Malden, Mass., which was fined a total of \$24,000. Koppers Co., Inc., Pittsburgh, was hit with a fine of \$70,000.

Others hit with fines ranging from \$5,000 to \$30,000 included

Bituminous Concrete Association, Inc.; Warren Bros. Road Co., Cambridge, Mass.; Essex Bituminous Concrete Corp., Peabody, Mass.; Rock Asphalt Corp., Haverhill, Mass.; Merrimac Paving Corp., Groveland, Mass.; Vulcan Construction Co., Boston; Massachusetts Broken Stone Co., Weston; James Huggins & Son, Inc., Malden; Independent Coal Tar Co., Framingham,

Mass.; Lake Asphalt and Petroleum Co. of Massachusetts, East Deerfield; Mystic Bituminous Products Co., Inc., Everett; Wachusett Bituminous Products Co., Worcester, Mass.; American Oil Products Co., Summerville, Mass.; D. J. Cronin Asphalt, Inc., Providence, R. I.

Where Can I Buy?

Some products are easy to locate, others difficult. Perhaps you can help one of our readers who knows exactly what he wants but doesn't know where to get it. And keep in mind that you can make use of this PW service at any time.

While you are answering our reader's request, would you also send us a carbon copy of your answer?

"We would like to obtain a source of supply for a fiber strap such as is used on items imported from Japan."

"It is used in the same way as we use steel strapping in this country—but has the added advantage of not marring the wood where it is strapped."

R. K. Griffin
R. K. Griffin Co., Inc.
Lock Haven, Pa.

In Inventories: No Buying Splurge Ahead

(Continued from page 1)
encounter some difficulty in accumulating inventories.

● **Items purchased** — P.A.'s listed 41 products where stocking up is now in process. And as might be expected, the majority of them were steel-containing items.

● **Buildup motivation** — Where stocks are being accumulated, the need to regain normal working levels is given as the most pressing reason (52%). But a not insignificant 42% indicate increases are being made to meet larger production schedules.

Only 5% of the respondents gave "hedging to beat price hikes" as a reason for stepping up inventory buying.

This confirms earlier PURCHASING WEEK surveys that indicate that P.A.'s are more concerned with having materials on hand when needed—rather than on gambling on expected market fluctuations.

Why the expected moderation in inventory rebuilding? Part of the answer lies, of course, in the fact that the threat of strikes has diminished and there's no real need to stockpile.

Secondly, the current tight money situation is putting pressure on many purchasing executives to keep buying to an absolute minimum.

But there's still another reason—statistical in nature. It's the relatively favorable current inventory position that many firms enjoy.

The survey reveals, for example, that over-all stocks during January were bigger than they were a year ago, despite one of the longest steel strikes in history.

It's true, of course, that such year-to-year inventory comparisons don't tell the whole story. That's because production needs today are higher than a year ago (when the economy was just coming out of the recession).

Higher production schedules automatically require increased inventories—just to maintain the usual "stock-production" ratios.

But even when you take the above into consideration, the current inventory position, as revealed by the survey, indicates there's hardly any desperate need for a sharp inventory buildup.

This is true for hard goods as well as soft goods. The PW survey reveals, for example, that, relative to a year ago, durable stocks are in just as good a position as the non-durable categories.

In crude hard goods, for example, almost as many purchasing men (24%) report year-to-year increases as those reporting decreases.

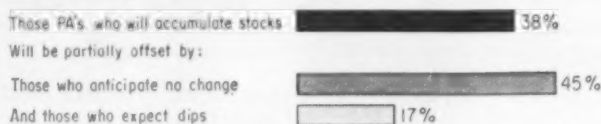
The remaining half of those P.A.'s using such materials report stocks are just as high as a year ago.

Much the same is true in other hard goods areas—particularly components and parts. The 25% or so reporting decreases from last year are neatly balanced out by the 25% reporting increases. And again, about half of the purchasing executives report no change from a year ago.

Another interesting factor: For those P.A.'s reporting year-to-year drops, the average decline is about 15%. The average for those reporting year-to-year increases is also around 15%.

WHAT'S AHEAD IN INVENTORIES

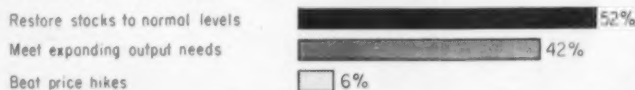
1. The buildup won't be too rapid in the next 3 months:



2. But there will be problems in some areas



3. Those who will rebuild have varied motives:



31 Items That Are Causing Delivery Worries

Textiles	Bearings
Plasticizers	Molybdenum
Steel strapping	Malleable iron castings
Hot rolled sheets	Steel forgings
Cold rolled sheets	Rubber-steel bushings
Galvanized sheets	Steel cans
Steel plate	Coal tar chemicals
Steel tubing	Electric motors
Electrical components	Steel squares
Small size pipe	Special steels
Steel structurals	Steel gauges
Gas controls	Steel parts
Hardware	Steel punchings
Nails	Vacuum containers
Carbon steel sheets	Glass specialties
Screw products	

Late News in Brief

Machine Tools Gain

Cleveland—New orders for machine tools continued to rise last week, with many producers reporting substantial gains in January bookings.

Toolmakers were among those who saw orders slip off in November from the rates reached in earlier months. Most are optimistic, however, that the steel settlement will keep new orders on the rise.

Hands Off

Washington—Major inland barge lines are about to approach the ICC with a "declaration of war" on the railroads, which, they say, are attempting to buy into their business.

Their first attack will be on the proposal of the Illinois Central and Southern Pacific Railroads to buy up control of the John I. Hay Co. of Chicago, one of the biggest barge lines operating on the Mississippi and Missouri rivers.

Copper Buyers Uneasy

New York—A growing uneasiness among copper buyers over prospects of fulfilling their near-term requirements edged prices up last week on world markets.

Domestic fabricators, in particular, are beginning to feel the pinch of mounting production losses caused by prolonged strikes at major U. S. facilities.

Price Changes for Purchasing Agents

Item & Company	Amount of Change	New Price	Reason
INCREASES			
Zinc, Asarco, special high grade, April 1, lb.	.0025	.1475	high demand
high grade, April 1, lb.	.0025	.1450	high demand
Asbestos-cement, Johns-Manville, fob, crld., 100-ft. sq.	.50	\$13.50	incr. costs
Insulation, fiberglass, March 1	4%		
mineral wool, J.M.Ville, Mar. 1, full thick, crld., 1000 sq. ft	\$2.00	\$52.00	incr. costs
Gum turps., So. gal.	.0075	.5325	short supply
Resinates—fused cobalt, 16% & 19% lead, 3 1/2% manganese, precipitated aluminum, calcium, copper, iron, lead, manganese, zinc—lb.	.0025-.04	rosin boosts
REDUCTIONS			
Gasoline, Standard Oil, Chicago, dlr. tnkwgn., gal.	.01	.154	competition
Gasoline, west N.Y., dlr. tnkwgn., gal.	.008	.137	competition
Neopentyl glycol Eastman Chem., crld. dms., lb.	.05	.32	market move
Gasoline, Long Is., dlr. tnkwgn., gal.	.003	.159	seasonal
Fluorosilicone Rubbers, Dow Corning	25%	
Tantalum Metal Powder, Fansteel Metallurgical, lb.	25%	\$30.00	prod. econs.
Casein, Argentine, carlots, lb.	.01	.1925	end Arg. tax

Maintenance Show Lures 2,000 P.A.'s To Philadelphia for Exhibits, Talks

(Continued from page 1)
Philip G. Damm, plant engineer at MS&D, Philadelphia, discuss their approach to the maintenance-purchasing problem. J. M. Waligora, MSD's chief engineer was chairman of the session.

An hour-long, hot and heavy question period followed their talks. Once the formal session was over, small groups of conferees stayed around through the lunch hour, talking over their problems.

Why this strong interest in the session by maintenance men and P.A.'s? West suggests that it was because of the rivalry that seems to exist between the two departments.

"There seems to be an almost innate antagonism between the two groups in many, many companies . . . most of us are under pressure while performing our jobs due to the volume of work and desire to get ahead. It is because of this that I think many men tend to overlook the job that the other man has to do, and to realize what his responsibilities are . . . this is really the root of much of this antagonism.

"Maintenance does not have a place in purchasing any more than purchasing has a place in maintenance. Each department has its job to do and ideally they compliment each other perfectly. This doesn't mean each can sit down on its own side of the building and never see each other. Constant communication, cooperation and mutual understanding are necessary . . ."

Engineer Damm agrees that communication is most important: "I think the major prerequisite for successful relations is good communications between plant engineering and purchasing. If we write a requisition for a piece of equipment, purchasing will let us know what they are able to get and then ask us if it is satisfactory. In this way we both are a part of the contemplated purchase, and both have reached a common agreement on selection."

Communication at MS&D is aided by the experience West gained as an assistant plant engineer before he was promoted into his buying job. Also there's no roadblock between P.A. and P.E.—when West wants to know if a new maintenance item will interest Damm, he "just picks up the phone and calls." Communi-

cation is direct, not up and down through channels.

Another important point of contention is vendor and manufacturer specification and material substitutions. Damm calls it "one of the most important items of contention. If we want a particular item, we specify it by name or type. We have an agreement with purchasing that no substitutions will be made without their notifying us of their intentions to make a change. Here again both parties must agree to make a change. We may even suggest a supplier, but in no way do we hold them to the use of this supplier. This method allows for a good check and balance system between departments."

West explained MS&D's policy further: "Purchasing has the responsibility to select the manufacturer and vendor and to suggest other manufacturers even when one is specified on a maintenance requisition if it appears advantageous. These suggestions must be carried right up the management ladder if purchasing feels that they are not receiving proper consideration." The right of appeal is important, but good communications help settle differences at the lowest levels.

P.A. Is the Man to See

Relations between suppliers, salesmen, purchasing and maintenance are a continual source of trouble. West answers an emphatic "No" to the question: Should salesmen contact maintenance directly?

"Talking to salesmen is a tremendously time consuming operation," he said. "If the P.A. is on his toes and knows what is going on in the company, he should be able to do an effective job of politely telling those who have nothing of value that they are wasting their time, of making a note of the ones who have something of potential value to the company, and of directing those with something of immediate value to the company to the person in maintenance or engineering most interested."

If a maintenance engineer wants information from a manufacturer, and no immediate purchase is involved, W. J. Waligora noted that it was "all right for them to contact the manufacturer directly, but to send a copy of the request to purchasing". West adds "that if a direct contact is advisable, then the purchasing agent can arrange it, and under these circumstances, he is fully aware of what has gone on when a requisition reaches his desk. The purchasing agent can even arrange to be present in the direct discussion, and in fact he should be if it appears that any appreciable purchase will be involved."

Rush jobs and hurry-up emergency material requisitions are expedited at MS&D by "having someone always on hand to drop everything and handle them, and to let maintenance know who this person is in the absence of the maintenance buyer," says West.

Damm knows which buyer to call in an emergency, or an alternate, to get a purchase order number and an ok to go ahead directly to the supplier. But Damm is careful to see that rush jobs don't become the standard.

Now, Says Armco Steel, Porcelanizing Process Is Two Times Quicker

Cincinnati—Armco Steel Corp. announced it has developed a new enamel iron which cuts porcelanizing processes in half.

The new product, called Univit, has been under development at Armco's Middletown research laboratories for more than fifteen years, according to T. F. Olt, research vice president for the company.

Olt declared that Univit realizes a 40-year-old dream of the metal finishing industry.

Application of porcelain finish has always been a multi-stage process in which manufacturers first had to apply blue "ground coat" to base metal. After this had been fused to metal, the finish coat of desired color was then applied.

But with Univit, Armco claims, a single finish of white or colored porcelain can be applied directly—eliminating the need for a ground coat.

Sees Widened Markets

The company believes the resulting cost reduction should greatly widen markets for porcelain enamel finishes. Parts of many household appliances, such as ranges, washers, driers and refrigerators, as well as industrial products, now can be produced more economically Armco says.

"Just how economically will depend, of course, on individual situations of firms who do the enameling," a company spokesman stated "and how efficiently they can apply porcelain to Univit. This is a factor that varies all over the country and from company to company."

The company said price for Univit will be the same as former types—6.775¢/lb for sheets.

Armco feels that relatively few metal finishers have equipment for one-coat work at present, so expects the market for its new iron will be limited at first to large firms in the field.

For this reason, Armco will offer production lots to enamellers that have the necessary equipment for one-coat work. However, trial lots will be offered to other enamellers for experimentation.

The company also intends to license manufacture of Univit to other companies. Meanwhile, it is stepping up its own limited production as fast as possible.

Pentagon Avoids Open Bidding, Douglas Says

Washington—The negotiation vs open bid controversy in military procurement flared again in Congress last week.

Sen. Paul Douglas (D., Ill.) charged that the military services are buying goods through private negotiation in "areas where it would be relatively easy to get competitive bids on contracts."

Douglas said this runs counter to Congress's intent that negotiated military supply contracts be allowed only in "extraordinary" procurement cases.

Douglas based his charge on a report from Joseph Campbell, the Comptroller General, that from 80% to 90% of the Pentagon's \$17-billion-plus annual procurement bill is now contracted out under private negotiations.

Cars Get Test Run on Triple Decker

Wixom, Mich.—A new triple-deck flat car for transporting autos was given a cross-country test run last week.

Developed by Ford Motor Co. and Santa Fe Railroad, the car can carry more vehicles than is now possible by boxcar or piggy-back methods.

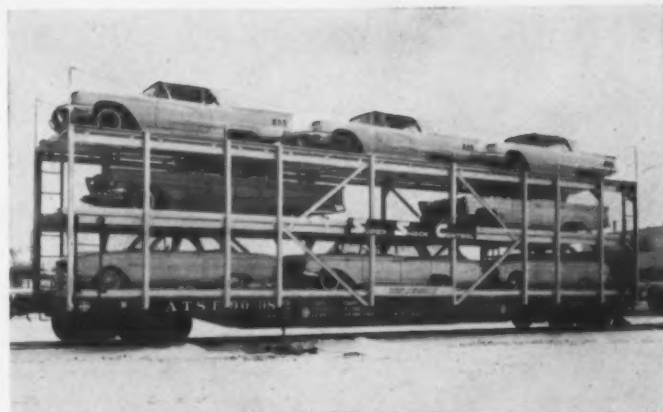
The initial shipment, which consisted of 8 Lincoln and Thunderbird autos, went from the Lincoln plant here to the Ford assembly plant in Los Angeles in about four days.

While the results of this experiment are now being studied,

Ford is convinced the new transport system will effect such benefits as:

- Reduced travel-time on long-haul shipments.
- Less damage.
- Unlimited variations in the vehicles transported.
- Reduced highway congestion.

The new flat car is actually the prototype of a longer flat car designed to accommodate up to 15 automobiles of various models and sizes. It will be 88 ft long and will be able to carry 12 standard size autos or 15 Falcons or a "mix" of vehicles.



AUTOS PILED THREE LAYERS HIGH were sent coast-to-coast last week on this unique rail car developed by the Ford Motor Co. and Santa Fe RR.

METALOGICS—The Ryerson science of giving optimum value for every purchasing dollar.

Get the complete story on Metalogics from your Ryerson representative. Be "Metalogical"—call Ryerson.



STEEL • ALUMINUM • PLASTICS • METALWORKING MACHINERY

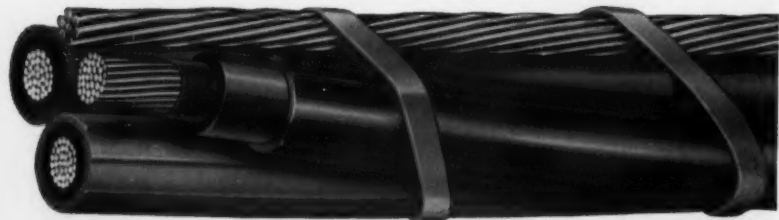
RYERSON STEEL

Joseph T. Ryerson & Son, Inc., Member of the **INLAND** Steel Family

PLANT SERVICE CENTERS: BOSTON • BUFFALO • CHARLOTTE • CHICAGO • CINCINNATI • CLEVELAND • DALLAS • DETROIT • HOUSTON • INDIANAPOLIS
LOS ANGELES • MILWAUKEE • NEW YORK • PHILADELPHIA • PITTSBURGH • ST. LOUIS • SAN FRANCISCO • SEATTLE • SPOKANE • WALLINGFORD

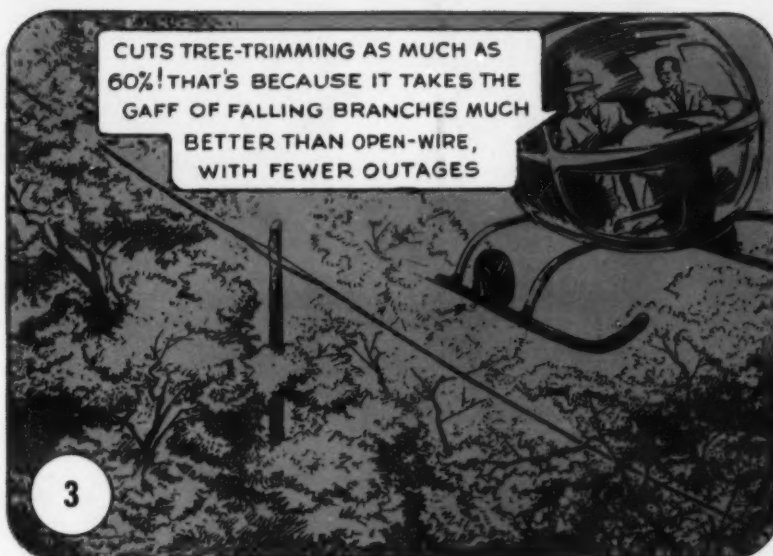
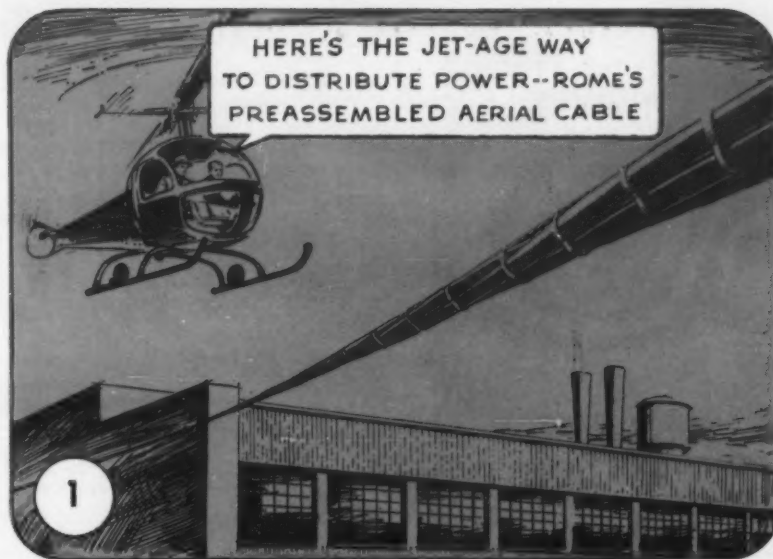


WHAT'S UP IN AERIAL POWER?

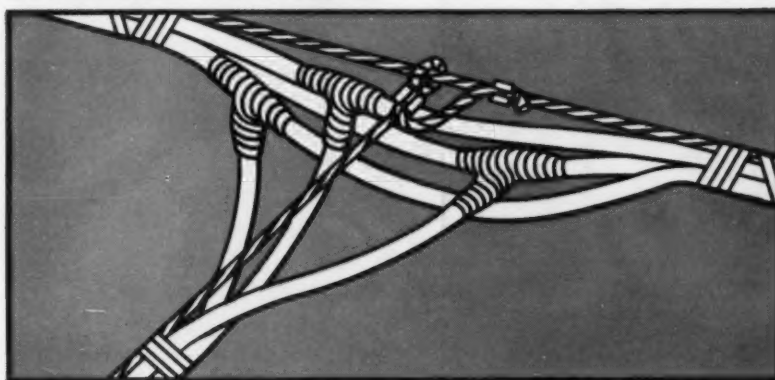


For service to 15 kv You get your choice of two premium ozone-resistant insulations when you specify Rome's aerial cable: Rozone (oil-base) or Rozone A (butyl-base). Rome is one of the few suppliers offering you this important latitude in cable selection. For complete information, contact your nearest Rome Cable salesman.

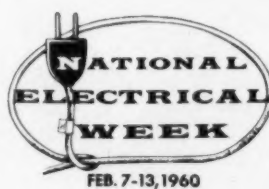
ROME CABLE



A matter of FACT



You can tap anywhere along the line with Rome's preassembled aerial cable. Lay of the conductors is reversed every five feet to provide slack for easiest tapping even when line is hot.



**ROME CABLE Department 1320
Rome, New York**

- ☐ Please send me more information on the above.
- ☐ I want to "Meet The Man" who can tell me more.

Name

Title

Company

Street

City Zone State